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The Industrial Development of Nations

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पुस्तकालय

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"MANUFACTURES ARE AT ONCE AN EVIDENCE AND A MEASURE OF CIVILIZATION."

HENRY C. CAREY.

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THE INDUSTRIAL DEVELOPMENT OF NATIONS

AND

A HISTORY OF THE TARIFF POLICIES OF THE UNITED STATES, AND OF GREAT BRITAIN, GERMANY, FRANCE, RUSSIA AND OTHER EUROPEAN COUNTRIES.

BY

[illegible], ESQ.

[illegible]

[illegible] "[illegible] AND PROSPERITY."

AUTHOR'S EDITION

Volume III.

THE UNITED STATES FROM 1860 TO 1912

Search the history of the habitable globe from antiquity to the present; search the regions of the earth, from darkest Africa to industrial Pennsylvania, and you will find that the foundation, the basis, the starting point, the unit of all civilization and devlopment, is human employment.

BINGHAMTON, N. Y.

GEORGE B. CURTISS - - PUBLISHER

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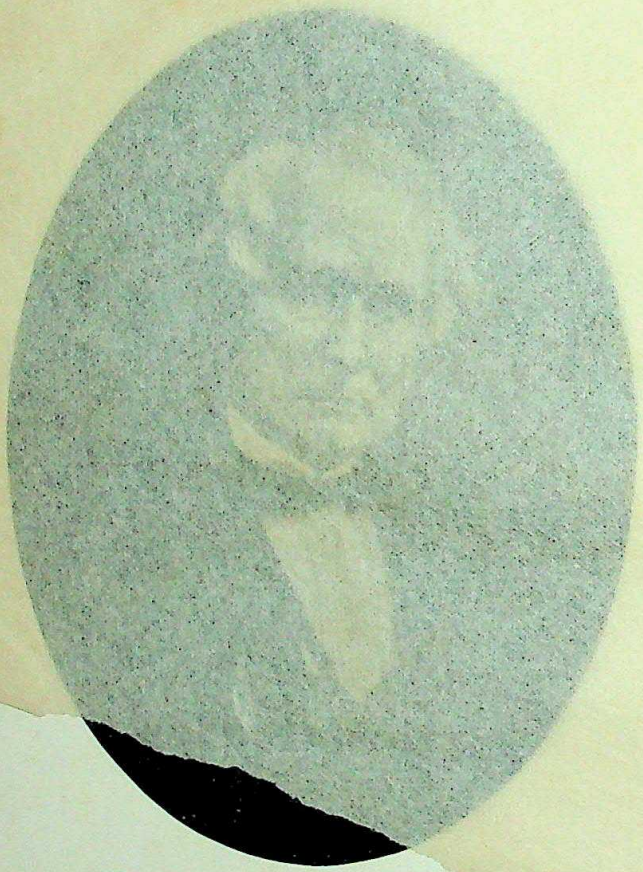

Henry C. Carey

"MANUFACTURES ARE AT ONCE AN EVIDENCE AND A MEASURE OF CIVILIZATION."

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GEORGE B. CURTISS, ESQ.

COUNSELOR-AT-LAW

AUTHOR OF "PROTECTION AND PROSPERITY."

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PART I.

PROTECTIVE LEGISLATION, 1860 TO 1890.

CHAPTER I.

THE CIVIL WAR—THE MORRILL TARIFF BILL—PROTECTION EXTENDED TO ALL INDUSTRIES—ASSAULTS ON PROTECTION UNDER ANDREW JOHNSON'S ADMINISTRATION—TARIFF COMMISSION BILL OF 1883—THE MCKINLEY BILL OF 1890.

A contrast.

Passing from amid the gloom and darkness of the closing years of the free trade period above described, we come now to the brilliant sunlight of recent protective years.—HENRY C. CAREY.

Protect all branches of industry alike, that all may prosper alike.—ANON.

Intelligent and well-paid industry is the hope of the nation.—ANON.

I am in favor of the internal improvement system and a high protective tariff.—ABRAHAM LINCOLN, in 1832.

A duty upon those articles we could dispense with, known as luxuries, and those of which we use more than we produce.

All duty removed from tea, coffee and other articles of universal use not produced by ourselves.

President Grant and protection.

Encouragement to home products, employment to labor at living wages, and development of home resources.—U. S. GRANT.

Competition will prevent monopoly.

Protection, in the perfection of its designs, as described by Mr. Hamilton, does not invite competition from abroad, but is based on the controlling principle that competition at home will always prevent monopoly on the part of the capitalist, assure good wages to the laborer, and defend the consumer against the evils of extortion.—JAMES G. BLAINE, 1884.

The testimonial of facts to the value of the Morrill tariff.

But with the rebellion came the Morrill tariff, highly protective; and although Confederate cruisers and English piratical craft under the Confederate flag swept our commerce from the ocean; although the bone and sinew of the country were for four years engaged in the work of destruction, both of life and property; although the energies of the people were directed to the protection of the nation's life, instead of the production of wealth; although we became a nation of destruction instead of production, still we successfully combated armed rebellion, we fostered American manufactures, developed American industries, and demonstrated beyond all peradventure not only that the American Constitution can protect the American nation, but that the protective tariff can protect home industries and American labor. —GEORGE W. RAY, of N. Y., in House of Representatives, April 30, 1884.

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We now enter upon a review of the most wonderful period of industrial development, accumulation of wealth, and improvement in the material well-being of a people to be found in the world's history. While the United Kingdom built up a great nation under the protective system, her greatest progress was made at a time when she had less formidable rivals than those which the United States encountered. When the Republican party assumed the administration of the affairs of the nation on March 4, 1861, it found the national credit impaired and its treasury bankrupt, its supply of the precious metals greatly depleted, industries depressed, and the Southern States organizing in open hostility to the Union.

The tax paid to freedom and enlightenment.

Free Trade and The Southern Confederacy.

Immediately following the announcement of the result of the election of 1860, South Carolina, on December 20, passed an ordinance of secession. Like action was taken by the other States, as follows: Mississippi, January 9, 1861; Florida, January 10; Alabama, January 11; Georgia, January 19; Louisiana, January 26; North Carolina, January 30; Texas, February 1; Virginia, April 17, and Arkansas, May 17. On January 9 the Star of the West was fired on, and on February 4 the Confederate Congress met at Montgomery, Alabama, and elected Jefferson Davis President of the Confederate States. All peaceful means for averting civil war were exhausted. The inevitable conflict between the two types of civilization which had peopled the thirteen colonies must now be settled by force. The people of the slave States, with a population of 11,000,000, were now to measure their strength in military conflict with the people of the free States, having a population of 22,000,000. The Southern leaders, for thirty years, had threatened secession, yet, beyond poisoning the minds of their people against the Union, they had, by the industrial policy which they had adopted, made victory impossible.

The Republican party and the national conditions in 1861.

Industrially they were little prepared for war. On the other hand, the North, without believing in the danger of a rebellion and with no intention of preparing for internal strifes, had availed itself of the advantages afforded by protective regulations, and through a system of diversified industries which had attracted to it immigration, skill and capital, had placed itself in a position to cope with the strongest military powers of the world. In these circumstances, the contest from the outset, when the chances of war are measured by property and wealth alone, was an unequal one. The South had contemplated secession for nearly thirty years, and yet in 1860 it had only seventy-five hands engaged in making firearms, while in the North there were 1987 in this occupation. The South had only 1768 persons employed in the woolen and worsted

Peaceful means exhausted.

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industry, while in the North there were 31,500. Although producing the raw cotton, the South had only 9966 hands engaged in its manufacture, while in the North the number had reached 111,378. With an inexhaustible supply of coal and iron easily accessible, the South gave employment to only 5087 persons in the production of iron manufactures, while in the North there were 63,045. So we might go through the whole line of manufacturing with a comparison of establishments, hands employed and value of the product, and by a similar comparison fully illustrate the folly of a people possessed of great natural resources and facilities for carrying on almost every kind of industrial pursuits, in becoming wedded to an unwise industrial system, neglecting the very opportunities which nature had given them, and failing to avail themselves of the advantages of the fostering care of protection, which was invoked to promote the welfare and advance the prosperity of every section of our common country, North, South, East and West.

The North and South compared.

True to their convictions and loyal to the tariff policy which they had embraced in 1828 and defended with great vigor for more than thirty years, the Southern people in organizing their Confederacy adopted a free trade constitution which declared

> The Congress shall have power: To lay and collect taxes, duties, imposts and excise, for revenue necessary to pay the debts, provide for the common defence and carry on the government of the Confederate States; but no bounties shall be granted from the treasury, nor shall any duties or taxes on importations from foreign nations be laid to promote or foster any branch of industry.[1]

This is the first instance in the history of the world in which a nation attempted to prohibit by organic law the establishment of the industrial arts in all of the territories over which it exercised jurisdiction. A greater act of industrial barbarism could not have been committed by a civilized nation. Every enlightened nation of Europe was struggling to promote and foster its own manufacturing industries and at the same time endeavoring to dissuade its rivals from following in its footsteps. For more than three centuries the greatest statesmen and economists of the world had regarded the development of native resources and a system of domestic manufactures as the true source of the wealth, power and greatness of a nation.

By the act of May 21, 1861,[2] the Confederate Congress enacted a tariff law which was entitled: "An Act to Provide Revenue from Com-

Confederate constitutional free trade.

[1] The above brief description of the revenue actof the Southern Confederacy was obtained from a copy of the Session Laws now in the possession of the American Protective Tariff League, which is one of the very few copies, if not the only copy, of the statute now in existence.

[2] Chapter 44, 11th Session Provisional Congress of the Confederate States.

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modities Imported from Foreign Countries." A general description of the statute is as follows:

Schedule A imposed ad valorem duties of twenty-five per cent on sardines and all other fish preserved in oil; brandy and other spirits distilled from grain, etc.; articles of furniture; cut glass; manufactures of tropical woods; wines, etc.

Schedule B imposed duties of twenty-five per cent ad valorem upon almonds, raisins, currants, dates and preserved fruits; upon German silver, manufactured or unmanufactured; upon articles embroidered with gold, silver or other metals; and upon balsams and cosmetics and a great variety of toilet articles; upon camphor and canes; sauces of all kinds; card-cases, pocketbooks, souvenirs and similar articles; feathers and flowers, artificial or ornamental; upon grapes, plums and other such fruits put up in bottles; upon manufactures of gold, platinum or silver; and painting on glass; upon cloves, cinnamon and all other spices; perfumes; silver plated metals, soaps, sugar and syrup of sugar; and upon a great variety of articles of ornament.

Schedule C imposed ad valorem duties of fifteen per cent, covering the general list of fully manufactured articles.

Schedule D imposed rates of ten per cent ad valorem upon crude and partly manufactured articles, a few examples of which are lumber, diamonds, cameos, mosaics, gems, pearls, rubies and other precious stones and imitations thereof, when set in gold or silver or other metal; and engravings bound or unbound.

Schedule E imposed duties at five per cent, upon what might be classified as raw materials.

Schedule F imposed specific duties as follows: Ice, $1.50 per ton; salt, ground, blown or rock, two cents per bushel of fifty-six pounds.

Schedule G was the free list, which comprised books, maps, charts, mathematical and nautical instruments, etc.; philosophical apparatus; gold and silver coin and bullion; seeds; household effects; models or inventions; personal household effects, not merchandise; wearing apparel, not merchandise; agricultural products, such as bacon, pork, ham, lard, wheat and bran, Indian corn, barley, rye, oats, oat meal; gun powder; lead in pigs or bars; muskets, rifles and arms of every description for military purposes.

Non-enumerated articles were made subject to the same rate of duty payable on articles which they resembled, paying the highest duty.

Protection and the Preservation of the Union.

President Lincoln and his able cabinet ministers were not unmindful of the lessons of history. Almost within the memory of men then living,

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within seventy years, the world had witnessed Great Britain pass triumphantly through the continental wars, break the power of Napoleon, the greatest military genius since Caesar; become the master of the carrying trade of the world and rise to the first rank among the empires of modern times. Her military and naval forces and her exhaustless financial resources had been sustained through the cultivation of the industrial arts, fostered by protective regulations. With the experience of mankind before them, the statesmen of the North at once turned to the protective policy as the source of the nation's strength to carry it successfully through the destruction of property and exhaustion of resources which must result from the impending military conflict. The revolt against the free trade policy of the Democratic party, as shown in the last chapter, arose during the last years of Buchanan's administration; the demand for higher duties, however, arose in part from the necessities for more revenue and in part from the demand of the manufacturers for protection.

Republican party platform.

The Republican party, in nominating Abraham Lincoln in the preceding year, had made protection to native industries one of its cardinal principles, and inserted in its platform the following plank, written by Henry C. Carey:

> That while providing revenue for the support of the general government by duties from imports, sound policy requires such an adjustment of these imports as to encourage the development of the industrial interests of the country; and we commend the policy of national exchange which secures to the workingmen liberal wages, to agriculture remunerative prices, to mechanics and manufacturers an adequate reward for their skill, labor and enterprise, and to the nation commercial prosperity and independence.

Morrill Tariff.

It was on March 12, 1860, that Mr. Morrill[1] of Vermont introduced a tariff bill from the Ways and Means Committee. It passed the House on May 10. In the Senate, however, it was put aside till December, but was finally passed on March 2, 1861, receiving President Buchanan's signature a few hours before his leaving office. The bill went into effect on April 2. This bill increased the duties by about 10 per cent, and by the changing of many duties from ad valorem to specific gave the new law a distinctively protective character. But this act was not adequate to meet the increasing expenditures made necessary by the war. An extraordinary session of Congress was convened on July 4, 1861, and a bill further increasing tariff duties became a law on August 5. This was practically the first of the war tariffs. On December 24 of the same year, duties were increased on sugar ½ cent per pound, tea 5 cents, and coffee 1 cent.

From the moment the blockade of the Southern ports was made

[1] See speech of Senator Morrill, December 8, 1881, p. 44.

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effectual the doom of the Confederacy was sealed. The advantage in its favor when resisting armies of invasion from behind fortifications was not sufficient to overcome the inexhaustible resources of the North. The great wealth and industrial power of the North, arising from the development of industries through protective legislation, enabled its people to bear the heavy burdens of taxation, support and maintain vast armies in the field, create new wealth, supply new revenues, and to grow rich and more powerful as the struggle progressed. President Lincoln's administration at once restored the protective policy and secured employment to those who were not at the front fighting for the flag.

"Secretary Stanton," says Mr. Fowler,[1] "discovering that arms, clothing and supplies for the armies were largely purchased in Europe, said to Secretary Chase: 'If these things were purchased at home, the flow of gold abroad would be stopped and our factories lifted from depression.'"

Protection by order of Stanton.

Therefore, in the famous official "Order" of January 29, 1862, he declared:

1. That no further contracts be made by this Department or any bureau thereof for any article of foreign manufacture that can be produced in the United States.

2. All outstanding orders, agencies, authorities or licenses for the purchase of arms, clothing or anything else in foreign countries, or of foreign manufacture, for the Department are revoked and annulled.

Great and far-sighted as this conception proved to be, Lincoln was "afraid it would exasperate our friends over the water," and Seward opposed it as likely to "complicate the foreign situation."

"It will have to be issued," replied Stanton, "or very soon there will be no situation to complicate."

"That closed the argument," says Mr. Fowler. "The order went forth and created the industrial era in America, against the ever-increasing pressure of which, throughout the world, the nations are still groaning their protests. It made of the United States a self-supporting and tenfold more expansive, glorious and powerful nation than it was before. It was one of the most pregnant edicts ever issued by an American official, and it is one of the few adequate measures of Stanton's greatness."

The security and support given to domestic industries by the tariff acts and the policy of the War Department, so developed the resources and increased the wealth of the country that the loyal States soon became independent of foreign nations for everything necessary to a successful prosecution of the war. The wealth and industrial power thus created enabled the people to bear the enormous burdens of taxation incident to

[1] Fowler's Life of Edward M. Stanton, pp. 126, 127.

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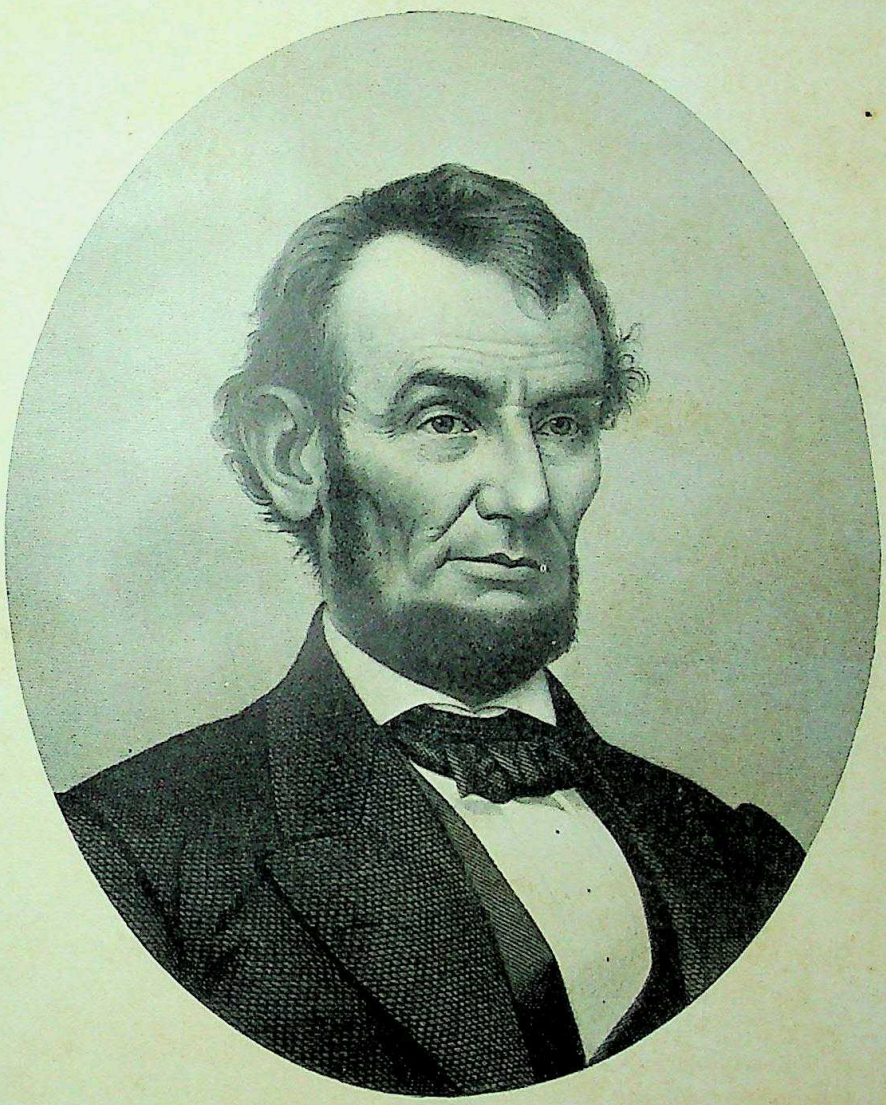

A. Lincoln

"I DO NOT KNOW MUCH ABOUT THE TARIFF, BUT I KNOW THIS MUCH, WHEN WE BUY MANUFACTURED GOODS ABROAD WE GET THE GOODS AND THE FOREIGNER GETS THE MONEY. WHEN WE BUY THE MANUFACTURED GOODS AT HOME WE GET BOTH THE GOODS AND THE MONEY."

ABRAHAM LINCOLN.

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the war and to the discharge of the obligations incurred. The aggregate revenues collected by the government from 1867 to 1870 inclusive, were as follows:

Government revenues.

Customs	$1,199,876,316.70
Internal revenue	1,466,444,294.91
Direct tax	13,914,879.49
Public lands	12,452,855.84
Premiums	157,653,443.75
Miscellaneous receipts	149,149,077.13
Total	$2,999,490,867.82

The receipts from internal revenue taxes levied on the products of industries, on various kinds of business and the income of the people, in the years 1865-1868, inclusive, are shown by the following table:

Taxes on Industries.

Total Receipts.	1865.	1866.	1867.	1868.
From manufactures and productions	$104,379,609	$178,356,661	$146,223,674	$100,274,508
Slaughtered animals	1,261,357	1,291,570	262,211	6,031
Gross receipts	9,697,866	11,262,430	7,444,719	6,280,069
Sales	4,062,244	4,002,283	4,114,075	4,837,960
Special taxes (licenses)	12,613,479	18,038,098	18,186,447	16,364,547
Income	20,740,451	61,071,932	64,984,437	40,412,037
Salaries	2,826,333	3,717,395	1,029,992	1,043,561
Legacies and successions	546,703	1,170,979	1,865,315	2,823,411
Articles in Schedule A	780,266	1,693,123	2,116,674	1,134,340
Passports, etc	29,538	31,759	28,217	28,280
Banks, railroad companies, etc	13,579,594	12,109,420	2,046,562	1,866,746
Penalties, etc	520,385	932,619	1,459,171	1,256,882
Sale of stamps	11,162,392	15,044,373	16,094,718	14,852,252
Special income tax	28,929,312	.....	.....	.....
Collectors of customs, special treasury agents, etc	.....	2,184,342	64,262	.....
Aggregate	$211,129,529	$310,906,984	$265,920,474	$191,180,564

Of the wonderful transformation from free trade to protection Henry C. Carey said:

Looking now around, we see *railroad stocks selling for a thousand millions that would not, ten years since, have sold for four hundred millions.* What has caused this wonderful change? The re-creation, by means of a protective tariff, of a great internal commerce, *and nothing else.* Under that tariff mines have been opened; mills and furnaces have been built; demand has been created for labor and labor's products; commerce has grown; and road proprietors have participated with farmers in the advantages resulting from the creation of that great domestic market to which we stand now indebted for the extraordinary fact, that whereas in the closing years of the last free trade period, 1858-60, with 31,000 miles of railroad, the tonnage had been less than 8,000,000, that of the past year has ex-

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ceeded 16,000,000, the annual value, meanwhile, having so increased that whereas the money value of the 8,000,000 of former years had been less than $500,000,000, that of the 16,000,000 of the latter ones has been no less than $1,723,000,000!

William D. Kelley said (speech before Congress, January 31, 1866):

Results of Protection.

Sir, let us contemplate for a moment our condition when the champions of slavery and free trade fired on the flag of the country. April, 1861, found us unable to clothe our soldiers or furnish them with implements and munitions of war. When the President called for seventy-five thousand troops, and that number of the flower of our countrymen promptly responded, they were clad, not in our blue alone, but in gray, the chosen color of our enemy, in black, in red, or any other color, because we had not the proper material with which to clothe them. We had not the quality of iron from which to fashion a gun barrel, nor could we make it. We had not blankets to shield our men from rains or frost, in camp or bivouac; and as the people regarded the base character of the articles with which our army was provided, many of which had been made from American rags in the shoddy towns of Yorkshire, they raised a universal cry of "fraud" against both public officers and contractors. Our mills, forges, furnaces, and factories stood still. The frugal laborer was living upon the earnings of past years. Commerce, having dwindled from the expiration of the protective tariff of 1842, had ceased to animate our ports. The crops of the West stood ungathered in the fields, and the bankruptcy of 1857, from which we had not yet recovered, had returned to sweep away the few who had withstood the surge. But the case is altered now.

How protection, by animating, diversifying, and rewarding industry, will pay our debt is well shown by the experience of the last five years. And though we do not owe that experience to sagacious legislation, but, as I have said, to the exigencies of the war, it should guide our future steps. The disparity between gold and paper has added to the duties imposed on foreign products, and enabled our manufacturers to enter upon a career of prosperity such as they have never enjoyed, save for a brief period, under the tariffs of 1824 and 1828, and again for four years under that of 1842, a prosperity in which the farmers are sharing abundantly, as is shown by the fact that they are now out of debt, though most of their farms were mortgaged five years ago. When the war began we could not, as I have said, make the iron for a gun barrel; we can now export better gun barrels than we can import. We then made no steel, and had to rely on foreign countries for material for steel cannon and those steel pointed shot by which alone we can pierce the five and a half inch iron clads with which we must contend in future warfare. Many of our regiments that came first to the capital came in rags, though every garment on their backs was new, and many of them of freshly imported cloth. But, sir, no army in the world was ever so substantially clothed and armed as that which for two days passed in review before the President of the United States and the Lieutenant General after having conquered the rebellion, and which, when disbanded, was clad in the product of American spindles and looms, and armed with weapons of American materials and construction.

An account of the opposition to the protective policy on the part of the planting interests forms a part of the economic history of our country which stands out as one of the most instructive and valuable phases of the American tariff controversy, so that no historian

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could be just to himself or his subject should he ignore the overshadowing fact that the North had adopted and was maintaining the policy and principles of a protective tariff, while the South had espoused free trade, and was carrying on her battles under the banner of Cobdenism. And it can safely be contended that protection contributed no small part to the successful issue of the war in favor of the North. We are told by free traders that it was the war itself which brought about the wonderful industrial advance of the North. The truer statement would be that our progress and prosperity came under protection not because of, but in spite of, the war.

In addition to those already mentioned, the following tariff acts were passed during the war: July 14, 1862, general increase of rates; March 31, 1863, on unsized printing paper, crude petroleum and coal illuminating oil, 20 per cent; April 29, 1864, joint resolution, increase of rates 50 per cent for sixty days, extended to July 1, 1864; June 30, 1864, general increase of rates; March 31, 1865, rates changed on cotton manufactures, oils, tobacco, silk, ready-made clothing. In April, 1865, came Appomattox and the close of the greatest civil and industrial struggle of modern times. Without protection in the North, the struggle would certainly have been longer—the result might have been different.

Effect of a high tariff in the North.

It is pertinent now to inquire into the effects of the two tariff policies during the first half of the decade from 1860 to 1870, or the war period. Various reputable estimates place the expenditure of money, property destroyed and production prevented during the war at $9,000,000,000. Nor does that represent the whole loss to industry. Half a million producers had been killed and a million disabled. The nation's debt at the close of the war was $2,808,549,337.55. Our expenditures during the war amounted to $3,752,844,234.30. These figures are unprecedented in the history of nations, and yet not once did we ask a loan from any foreign capitalist. Secretary of the Treasury Fessenden, in his message of 1864, said:

> This nation has been able thus far to conduct a domestic war of unparalleled magnitude and cost without appealing for aid to any foreign people. It has chosen to demonstrate its power to put down an insurrection by its own strength, and furnishes no pretence for doubt of its entire ability to do so, either to a domestic or foreign foe. The people of the United States have felt a just pride in their position before the world. . . . After nearly four years of a most expensive war, the means to continue it seem apparently undiminished, while the determination to prosecute it with vigor to the end is unabated.

But this was not all. Our people had not only supported themselves and the government, besides furnishing the latter with nearly $4,000,000,000, but in this same period they had increased their savings from $149,277,504 in 1860 to $242,619,382 in 1865, an increase of over 65 per cent. Had the tariff of 1857 or even that of 1846 remained in force during the war whence would have come the money to meet the above expenditures—to furnish the government with even the means to exist, to

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say nothing of carrying on the war? Well might Secretary Fessenden refer to the pride of the people of the United States. The figures quoted show the monetary condition of the country at that time. Only approximate figures could be given to illustrate what we had accomplished in industrial pursuits, and after all this will appear from the figures quoted. This favorable financial condition is traceable directly and solely to our system of protection inaugurated by the Morrill act and maintained by succeeding tariff laws, and if we want conclusive proof of this we have but to step across the Mason and Dixon line at this same date and observe the condition of a people wedded to free trade. The cotton crop of 1860 was the largest ever known up to that time. Their mines were teeming with ore. But with their resources was that clause of their Constitution, "*Nor shall any duties or taxes on importations from foreign nations be laid to promote or foster any branch of industry.*" This was their past, present and would-be future policy. Had they encouraged manufacturing before the war, it could have been maintained to some degree at least to meet domestic need and the men who were not battling in the ranks could have battled at the loom and forge and the women and children as well might have been a hundred times more efficient in aiding the efforts of those under arms. And yet no sadder picture can be drawn than the condition of the Southern people at the close of the war. It were better not to recall the memory of that time in detail. It can all be summed up in a single sentence: Worthless money, idle mills, ruined homes, with barely the food and clothing necessary to maintain life itself. Far pleasanter is it to consider once again a united country and note the progress and prosperity for the succeeding years of a people under one government, one flag and one system of fiscal legislation.

The various tariff acts from 1865 to 1870 were as follows: March 15, 1866, July 28, 1866, March 2, 1867, when the duties were raised on wool and woolens and many other articles; and February 24, 1869. By referring to table on page 109 our progress in this decade can be readily noted. In wealth we gained 90 per cent; in savings nearly 300 per cent; in per capita savings 250 per cent; in manufactures 130 per cent; in wages over 100 per cent. We began at once to reduce our national debt and the following table shows not only the reduction for the five years following the war, but the increase during the last five years preceding the war. Both were times of peace but the former was free trade times, the latter years of protection.

Reduction of the national debt.

NATIONAL DEBT.

Last five years preceding the war—free trade.

Year.	Debt.	Annual Increase.
1857,	$28,460,958	. . . . .
1858,	44,700,838	$16,239,880
1859,	58,290,738	14,589,900
1860,	64,640,838	6,350,100
1861,	90,380,873	25,740,035

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First five years following the war—protection.

Year.	Debt.	Annual Decrease.
1865	$2,381,530,294	.....
1866	2,332,331,207	$49,199,087
1867	2,248,067,387	84,263,820
1868	2,202,088,727	45,978,660
1869	2,162,160,522	39,928,205

Public debt.

In 1870 the public debt was $2,046,455,272. It had at this time been reduced by $115,704,800. It must be remembered that the so-called war tariffs were framed with a view both to revenue and protection; and that all tariff changes made from the close of the war up to 1883 were made by the Republican party solely for the purpose of eliminating duties on non-competing commodities. At the close of the war, the free list contained only about eighty articles. As the revenue necessities were diminished, duties were removed from time to time from non-competing articles, until, at the time of the McKinley bill, the free list contained 289 articles. Moreover the war taxes on the products of manufactories, as well as on trades, occupations and incomes, were repealed until internal revenue taxes were limited to certain luxuries, such as spirituous and malt liquors and tobacco.

The protective policy rounded out.

First protection to woolens.

It was shown in the last chapter that just as the protectionists were endeavoring to extend the influence of protection to a greater number of industries, the free trade party took control of the government and introduced a policy designed not only to prevent the establishment of new industries, but to destroy those already undertaken. It was during this decade—1860 to 1870—that protection was for the first time in our history extended to industries for the manufacture of silks, linens and the better grades of cottons, woolens, chemicals, pottery, glassware, hardware, cutlery and a great variety of other articles which rounded out the protective policy and finally resulted in making the United States the greatest manufacturing nation of the world.

Acts of 1861 compared with those of 1864 and 1865.

In 1864 and 1865 the first adequate protection was given to the woolen industry. This was accomplished by imposing a duty of six cents per pound on wool costing 18 to 24 cents per pound, and specific and ad valorem duties on woolen fabrics. Under this system the industry greatly expanded; the number of sheep increased, and the high prices which the English manufacturers had been able to maintain on superfine cloths, solely because no competition had been raised up against them, were greatly reduced.

The increased protection extended by the acts of 1864 and 1865 to some of the principal industries over that imposed by the act of March 2, 1861, is shown by the following table:

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Articles.	Tariff of March 2, 1861. *Specific.*	Tariffs of 1864 and 1865. *Specific.*
Cotton, plain, unbleached.....per sq. yard.	1 cent.....	5 cents.
spool	30 per cent.....	6 cents per dozen and 30 per cent.
Iron, pig.....per ton	$6	$9.
railroad ..... do	$12	$15.68.
rolled or hammered.....per cwt.	$1	$1.40.
boiler or other plate.....per ton	$20	$33.60.
locomotive tires, or tire iron.....per lb.	1½ cent.....	3 cents.
cables and chains ..... do	1¼ cent.....	2½ cents.
anvils ..... do	1¼ cent.....	2½ cents.
Linens, brown and bleached.....	25 per cent.....	35 per cent.
Potatoes ..... per bush.	10 cents.....	25 cents.
Rice, cleaned.....per lb.	1 cent.....	2½ cents.
Salt.....per 100 lbs.	7¼ cents.....	18 cents.
Silk, in the gum.....	15 per cent.....	35 per cent.
floss	20 per cent.....	35 per cent.
Silks, not over $1 per square yard.....	20 per cent.....	60 per cent.
Silk ribbons and various manufactures of silk.....	30 per cent.....	60 per cent.
Tapioca	10 per cent.....	20 per cent.
Woolen cloths and manufactures, value $1 and under, per square yard	12 cents per lb. and 25 per cent.	24 cents per lb. and 35 per cent.
Wool, value 18 to 24 cents per pound.....	3 cents per lb.....	6 cents per lb.
Delaines, cashmeres, etc. (gray or uncolored), exceeding in value 40 cents per square yard.....	25 per cent.....	45 per cent.
Flannels, valued above 30 cents per square yard.....	30 per cent.....	224 cents per lb. and 35 per cent.
Bunting and manufactures of wool not specified.....	30 cents per square yard.....	50 per cent.
Carpets, Wilton, Saxony, Axminster, etc., value $1.25 or under per square yard	40 cents per square yard.....	70 cents per square yard.
Carpets, Wilton, Saxony, Axminster, etc., value over $1.25 per square yard	50 cents per square yard.....	80 cents per square yard.
Carpets, Brussels and tapestry.....	30 cents per square yard.....	50 cents per square yard.
treble ingrain and worsted chain.....	25 cents per square yard.....	40 cents per square yard.

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A few ad valorem equivalents of duties at this period were as follows:

Ad valorem equivalents.

Silks, and various manufactures of silk	60	per cent
Spool cotton, equivalent to	64-74	"
Gum copal, equivalent to	over 100	"
Files, equivalent to	52 to 58¼	"
Iron, pig, equivalent to	52	"
" bar (common), equivalent to	68½	"
" small, round and square, equivalent to	77	"
" hoop, equivalent to	73	"
" band, equivalent to	64	"
" refined, equivalent to	58 to 86½	"
" best Yorkshire, equivalent to	36½ to 40⅝	"
" best English boiler plates, equivalent to	33	"
" sheet, No. 11 to 20 wire gauge, equivalent to	55	"
Steel, extra cast, equivalent to	41⅝	"
" blister, equivalent to	33 to 44½	"
" third quality spring, equivalent to	69½	"
" tires for locomotives, equivalent to	45½	"

Duties were still further advanced by the act of March 2, 1867.

Expansion in the woolen industry.

The order of Secretary Stanton and the protective legislation brought about a great expansion in all industries. In the woolen industry the consumption of wool increased from 98,379,785 pounds in 1860 to 219,970,174 pounds in 1870, or 123.59 per cent. The domestic clip increased during the decade from 60,000,000 pounds to 180,000,000 pounds, and the imports of wool from 26,282,000 pounds in 1860 to 34,000,000 pounds in 1869. The number of operatives employed increased from 59,322 in 1860 to 110,859 in 1870, and the wages paid from $13,361,602 to $40,357,238, and the value of the product reached $173,721,490. The report of the United States Revenue Commission of 1866 shows that:

Woolen industry.

> Of the quantities of woolen goods purchased for the army in 1862 and 1863, the quantity of wool consumed in our mills for army use was as follows: in the years named: 1862, 51,400,000 pounds; 1863, 61,300,000 pounds; 1864, 61,300,000 pounds. To this must be added the consumption of the navy, and for cartridges, and the grand total cannot vary much from 200,000,000 pounds.
>
> From our looms we furnished in one year no less than 35,000,000 garments to our soldiers and supplied cloths to the army and navy which in three years consumed 200,000,000 pounds of wool. Of the cloths thus furnished, an assistant quartermaster-general in charge of these supplies officially says: "It has been demonstrated that American army cloths are much stronger than those in use in the armies of Europe."

The growth of industries during this decade will be given in subsequent pages.

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Consumers benefited.

The struggle on the part of our foreign rivals to hold, and on the part of domestic manufacturers to gain, the American market, was simply a repetition of the competitive battle which was fought in all of our cities and States between 1789 and 1860 for the sale of the coarser fabrics and articles, and with the same result. The consumers were greatly benefited by the competition which ensued, the monopoly which foreign manufacturers held in our market was broken, and we became independent of foreign nations for our supply of all necessary articles and many luxuries.

Wages increased and maintained.

Prices of woolens, cottons, silks, carpets, linens, hardware, cutlery, pottery, glassware, chemicals, iron and steel, and of every article now made in the new industries established for the first time in our country, were driven down year by year as domestic production increased. Moreover, by the perfection of machinery, the organization and extension of industries and the efficiency introduced in production, the prices of all of the coarser articles which had been made in the United States prior to 1860 were greatly reduced below those of that date. But the greatest achievement of the protective policy was the increase in and maintenance of wages of labor. David A. Wells, in his report of 1866, gives the following table showing the advance in wages paid to labor employed in some of the principal industries between 1860 and 1870, as follows:

Branches of manufacture.	Advance in wages from 1860 to 1865.
Agricultural implements	55 to 60 per cent
Agricultural laborers in the northern, middle, and western States, average	50 do.
Bookbinding	37½ to 50 do.
Boots and shoes—Men's	50 do.
Women's and children's	25 to 33 do.
First class custom work	nearly 100 do.
Car building—Skilled mechanics 60 to 75 per cent; Laborers, and unskilled 50 per cent } average	60 do.
China decorating	60 do.
Clothing—Ready made	50 do.
Custom work	95 do.
Copper mining	100 do.
Cotton manufactures—general average of all branches	66⅔ to 90 do.
Furniture—Cabinet	85 do.
Hardware—Files	43½ do.
Locks	66⅔ do.
Saws	75 do.
Hats, wool, and fur	60 do.
India-rubber manufactures	80 do.
Ink, printing	75 do.
Iron—Founding	50 to 60 do.

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Table showing advance in wages from 1860 to 1865, continued.

Rolling	75	to	80	do.
Wire			75	do.
Jute manufactures			89	do.
Locomotives and machinery in Paterson, N. J., average			93	do.
Machinery, cotton and woolen, average			60	do.
Machinery, general average			60	do.
Machinists' tools			68	do.
Paper hangings—Machine tenders and block cutters			50	do.
Hand printers			72	do.
Laborers			63	do.
Printing—Composition	45	to	50	do.
Saddlery and harness			62½	do.
Shipbuilding			71	do.
Silk trimmings, etc	nearly		100	do.
Stereotyping			50	do.
Umbrellas and parasols	47½	to	50	do.
Woolen goods, miscellaneous			67	do.
Carpetings			85	do.

Injury inflicted by the Walker tariff.

We are now better able to appreciate the permanent injury inflicted on the nation under the Walker tariff by the export of gold to settle balances for manufactures imported. The deficient supply of the precious metals and the low state of the public credit forced the government to suspend specie payments and issue paper currency based on the credit of the nation in order to prosecute the war. From 1861 to 1865 $447,300,000 of this so-called money, known as "greenbacks," and $368,724,079 of fractional currency were issued. They were simply bare promises on the part of the government to pay the amount stated in each bill, without agreeing to pay or redeem at any particular time, and without agreeing to pay them in gold or silver or any particular form of property. They were made a legal tender for the payment of debts and taxes, excepting customs duties and interests on government bonds, and constituted the currency of the nation. Gold passed out of circulation and was sold in the market as a commodity. Greenbacks depreciated in value and fell so low that at one time one dollar of gold was worth 284 cents of greenbacks. The daily public sale of gold in the New York market showed the value of greenbacks. The grain of gold remained the measure of values and the par of exchange in the international trade of the world. Paper money being the medium of exchange with which the business of the nation was transacted, all prices were quoted and transactions adjusted according to the value of paper money. Hence, as greenbacks depreciated, prices of commodities, the value of real estate and the wages of labor rose; not, however, to the full extent of the decline in the value of greenbacks, but to rates which

Depreciation of greenbacks and rise in wages and prices.

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had not been known since the War of 1812. Prices so fixed were called "war prices." Other influences also contributed to raise prices. The withdrawal from the pursuits of industry of over 1,500,000 men to serve in the military and naval service of the government, brought about a scarcity of labor. The great need for supplies for the army, military stores and ordnance, and the destruction and waste of property, created an activity in production which stimulated all branches of business to great activity. Men at the loom, the forge and the plow were busy supporting the men in the field.

The Republican party and national credit.

Upon the restoration of peace the Republican party inaugurated a policy for restoring the credit of the nation and placing its finances on a sound basis. The enemies of the nation had predicted the disruption of the Union, and declared the country would never be able to pay its obligations, and that greenbacks must ultimately be repudiated and become worthless. In 1868 President Grant recommended to Congress a speedy return to specie payments, which was followed by the public credit act of March 18, 1869, which pledged the good faith of the nation to pay all of its obligations in coin. The next step taken was the passage of the Resumption Act of January 4, 1875, which declared that:

> On and after January 1, 1879, the Secretary of the Treasury shall redeem in coin the legal tender notes then outstanding, on their presentation for redemption at the office of the Assistant Treasurer of the United States, in the City of New York, in sums of not less than $50.

Specie payments resumed.

A gold reserve was accumulated in the treasury, and when the day of resumption was reached every dollar of paper currency became worth its face value.

Inflated wages maintained.

While the inflated prices of commodities and value of real estate were brought down to a gold basis, the wages remained at the war rates. This high standard of wages established during the war has been maintained under protection and greatly advanced since that time. The wage scale thus established was so much above that of the Old World that higher duties than had ever been imposed were made absolutely necessary in order to enable American manufacturers to overcome foreign competition. A reduction of duties would make necessary a corresponding reduction of wages, or the abandonment of domestic industry. Adequate protection secured to American labor a degree of independence which the toilers of no country had ever enjoyed. From this time on the interests of labor became so identified with the protective policy that every attempt to bring about a downward revision of the tariff has been a direct attack on the American wage earner.

Interests of labor and the protective policy identical.

Thomas B. Reed in his great speech before Congress on February 1, 1894, said on the wage question:

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Here let me meet one other question, and let me meet it fairly. We are charged with having claimed that the tariff alone will raise wages, and we are pointed triumphantly to the fact that the wages of France and Germany, protected by a tariff, are lower than England, free of all tariff, and to America with a tariff and still higher wages. We have never made such a claim in any such form. Free traders have set up that claim for us in order to triumphantly knock it over. What we do say is that where two nations have equal skill and equal appliances and a market of nearly equal size, and one of them can hire labor at one-half less, nothing but a tariff can maintain the higher wages, and that we can prove.

Mr. Reed on the wage question.

If there be two bales of goods side by side made by the same kind of machinery and with the labor of the human being in both of the same degree of skill, and if the labor of one bale cost only half, for example, as much as the other, that other bale can never be sold until the extra cost of the costlier labor is squeezed out of it, providing there is an abundant supply of the product of the cheaper labor. If the bale with the cheaper labor of England in it meets the bale with the dearer labor of America in it, which will be bought at cost of production? I leave that problem just there. The sale of the English bale will be only limited by England's production.

High wages and more equal distribution of wealth.

The Republican party was organized to make labor free, and has lived to make labor independent. The establishment of a high standard of wages in the United States has resulted in the most effectual means yet devised of securing a more equal distribution of wealth among the people.

The protective policy provided employment.

At the close of the war nearly a million of men left the field of battle and entered the pursuits of peaceful industry. The demand for military stores and munitions of war suddenly ceased. This created a tremendous labor competition, and had it not been for the protective policy which invited and stimulated all of the branches of domestic industry and afforded ample employment for all, we would have witnessed the greatest struggle for subsistence and the most terrible industrial calamities ever experienced in the history of nations. As Western land was brought under cultivation by the veterans who entered military claims and those who settled under the homestead law, the rapidly expanding protected industries of the old States provided an increasing market for breadstuffs and provisions. Railroads were extended into the new States and our manufacturers found a ready market at home for the products of their factories. So by internal commerce and domestic industry, the nation entered upon a most amazing growth of manufacturing, commerce and agriculture. Immigrants came to our shores by the millions; the poor and oppressed from every clime beneath the sun fleeing from the hard conditions and tyranny of monarchical governments, found refuge under the banner of protection in America.

Created a market for agriculture.

Assault on the Protective Policy.

The necessities for large revenues made the protective system secure

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from attack until the close of the war. Moreover, the administration of President Lincoln was in full sympathy with the policy of protecting the manufacturing interests of the country.

The free traders of the administration.

When the war closed the armies were disbanded, and the attention of the country was directed to a reduction of taxation and to an adjustment of the revenues of the country to a peace basis. This opened the door for the free traders to urge a return to a "tariff for revenue only." Andrew Johnson, Secretary of the Treasury Hugh McCulloch, and David A. Wells, the Commissioner of Internal Revenue, were free traders and members of the Cobden Club. Commissioner Wells made four Special Reports to Congress in 1866, 1867, 1868 and 1869, in which the protective system was assailed and the free trade policy defended.

Henry C. Carey to Mr. Wells.

The attack on protection by Mr. Wells opened anew the discussion of the whole question. Among the most important contributions to the literature on the subject were letters addressed to Mr. Wells by Henry C. Carey in which the fallacies and misstatements of facts indulged in by Mr. Wells were exposed and the experience of the people under low tariff and protection from 1816 to 1869 contrasted. Many Republicans faltered and displayed a superficial understanding of the basic principles of national economy. It was at this time that James A. Garfield declared he was in favor of that form of protection which would lead to ultimate free trade, and it was even asserted by some Republicans that free trade was sound in principle, but that we were not then ready to adopt it.

Mr. Garfield and "ultimate free trade."

Protection again became an issue in American politics, and for several years every phase of the subject was fully discussed. The tariff laws were revised, not, however, by the free traders nor according to the ideas of the Cobden Club, which was organized in 1866 and at this time was exceedingly active in giving advice to the American people on the subject. The revision was made by the Republican party and in full harmony with the principles of protection. In the discussion of the question protectionists made clear the distinction between those internal revenue taxes which had been levied for war purposes and those duties on imports that were imposed for the purpose of fostering and promoting the industries of the country. The burdens of internal revenue taxation were removed; the income tax was abolished; the duties on non-competing imports, excepting luxuries, were repealed, and only those internal revenue taxes which were levied and collected from luxuries, such as tobacco, spirituous liquors, etc., were continued. Such tariff revision was in perfect harmony with the principles of protection, which by successive acts of Congress were strengthened and perfected. The assault on the protective policy, inaugurated largely by Mr. Wells under the administration of Andrew Johnson and undoubtedly at the instance of the Cobden Club, was designed to break down the protective policy by

Revision by the Republican party.

Dividing the house of protection against itself.

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arraying against each other the people of the several sections of our country having apparently diverse interests. The farmer was advised that he would be greatly benefited by seeking a foreign market for his products instead of relying so much on the one at home; and that he was suffering from tariff burdens which compelled him to pay more for manufactured articles than he could obtain them for if purchased abroad in exchange for his farm products. The woolen manufacturer was told that he should have free wool, and the people were told that they should buy their woolen manufactures in Europe. The manufacturers of bar iron were to be benefited by removing the duty from pig iron, and the manufacturers of hardware and agricultural machinery were to be benefited by importing their bar iron from England. New England was to be given free raw materials on the one hand, to the injury of Pennsylvania and other sections, while, on the other hand, their manufactures were to be stricken down by importing all finished commodities from abroad.

Contradictory enticements.

It was conceded by Mr. Wells that the reduction of the tariff which he advocated would result in a reduction of wages. He said:

Mr. Wells and the reduction of wages.

> The point cannot be too strongly insisted upon, that, in order to extend our markets by the export of finished products, rather than of raw materials, and thereby to give employment to the largest amount of labor in our country, the cost of commodities and labor must both be reduced.

This was the free trade idea of gaining foreign markets by low wages and cheap labor. Mr. Wells was so infatuated with the foreign market idea that he was willing not only to sacrifice the home market, but wages of labor as well.

The campaign against the protective policy was waged upon the theory that the American people could be easily induced to cut each other's throats in order that foreigners might thrive; but the national spirit, the concern for the public good which had been aroused by the war, had taken deep root with the American people, and little heed was paid to the un-American and unpatriotic attack on the vital interests of the nation. The free traders now had a new set of men to reckon with. The country was in the hands of its friends; the slaveholder had been driven from the councils of the nation. Space will not permit the writer to do justice to all the great statesmen who at this time defended in and out of Congress the agricultural, commercial and industrial interests of the nation. The most conspicuous among them, however, was William D. Kelley of Pennsylvania, who had lived through the gloomy period of the Walker tariff and been a witness to the effects of that disastrous legislation. Mr. Kelley had complete mastery of the tariff question in all of its details, and as a debater on the subject had no equal in Congress at this time.

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Johnson's administration for free trade.

The first indication received by Congress that the protective policy was to be assailed by President Johnson's administration came shortly after the President's message was delivered to Congress in December, 1865. It contained a few sentences which foreshadowed the rehabilitation of the free trade party. Secretary McCulloch was known to be a free trader. Cyrus Elder of Philadelphia, a staunch protectionist, had been displaced by Delmar at the instance of Commissioner Wells as the official statistician. At the inception of the movement, David A. Wells, at a meeting of the United States Iron and Steel Association in Washington, declared himself to be a firm protectionist and complained bitterly of the attack made upon his first report and the doubts expressed as to his belief in protectionist principles. Mr. Kelley, however, was not deceived. He also addressed the association, and according to *The Pottsville Miner's Journal,* of January 9, 1869, held in his hand a document issued by the Free Trade League of New York, more than half filled with the arguments by Commissioner Wells in his report in favor of free trade, which the League was circulating as one of their free trade tracts. So the question arose when Mr. Wells' report appeared, Was Mr. Wells a protectionist or a free trader? Notwithstanding Mr. Wells' protestations of fidelity to the protective policy, he immediately developed into a full fledged free trader, was elected a member of the Cobden Club, and in 1874 was a guest at a banquet given by that Club in London. William D. Kelley was the first great advocate of the protective policy to meet the issue squarely and awaken the country to a sense of the threatened peril. On January 31, 1866, Mr. Kelley addressed the House on the subject and delivered one of the most timely, convincing and instructive speeches ever made on the tariff question. He at first discussed the fundamental principles of national economy and then, after a review of the history of the tariff question in the United States prior to the Civil War and the policies of foreign countries, turned his attention to what he declared should be the future policy of the United States. In the light of subsequent events Mr. Kelley had an almost prophetic vision of our country's future industrial growth and progress. The following extracts from this speech will bear a most careful reading and consideration. Mr. Kelley in part said:

Mr. Chairman—The eloquent gentleman from Indiana [Mr. Voorhees], whose voice during the war was so potent in the councils of the Democratic party, and who has borne so prominent a part on this floor in resisting all the legislation by which the rebellion was to be, and has been crushed, in the course of his recent defense of the President's message and policy lauded him as a champion of free trade. He said the President had struck "a manly and honest blow," at the protection afforded by the tariff to the varied industries of the country, and cited this brief extract from his message in proof of his assertion:

"Now, in their turn, the property and income of the country should bear their

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just proportion of the burden of taxation, while in our impost system, through means of which increased vitality is incidentally imparted to all the industrial interests of the nation, the duties should be so adjusted as to fall most heavily on articles of luxury, leaving the necessaries of life as free from taxation as the absolute wants of the government, economically administered, will justify."

Speech of William D. Kelley.

Entertaining, sir, the views I do, and which I propose to submit to the committee, I had found in that portion of the President's message the expression of a desire to foster the industry, develop the resources, and increase the wealth and power of the country. Till the gentleman called my attention to the fact, I had not observed that Mr. Johnson's expression was enigmatical susceptible of at least a double construction. I will not, however, detain the committee by endeavoring to ascertain the President's meaning, which time will disclose; but without abandoning the hope that my apprehension of his words is correct, will proceed in a general way, to demonstrate that the gentleman's views as to how we may best equalize and increase the wealth of the people of the United States are erroneous. In the course of his remarks he said:

"We have *two* great interests in this country, one of which has prostrated the other. The past four years of suffering and war has been the opportune harvest of the manufacturer. The looms and machine shops of New England and the iron furnaces of Pennsylvania have been more prolific of wealth to their owners than the most dazzling gold mines of the earth."

And again:

"Free trade with all the markets of the world is the true theory of government."

Sir, as I proceed, it will, I think, appear that we have more than "two great interests," and that protection such as can only be afforded by a tariff is required by them all; that they are interwoven with such exquisite harmony that no one of them can suffer alone; and that to destroy any one is to impair the vital power of all.

The cheerful patriot.

Gruff old Samuel Johnson said in substance that, when he contemplated the many diseases to which human life is a prey and the countless means for its destruction, he wondered that anybody lived to maturity; and when, on the other hand, he beheld the infinitude of specifics offered for every form of disease, he was led to wonder that people ever died. And the thought recurs to me as I contemplate the condition of our country from either of two standpoints—that of the despondent patriot and him who conceals his determined treason under expressions of acquiescent loyalty, or that of the cheerful patriot who knows something of our unmeasured resources. Regarding our debt, which set forth in figures seems so crushing, and our pension lists, which, embracing more names than did the muster rolls of the contending armies at Waterloo, announces the fearful amount of infirmity, widowhood, and orphanage for which we are bound to provide; remembering how the ruling powers of other nations hate us; looking at the immense extent and resources of the British dominions on our north, and considering how sedulously the imperial government has pursued the design of uniting those dominions and constructing such governmental works as would "render Canada accessible to her Majesty's forces at all seasons of the year, as well upon grounds peculiar to Canada as from considerations affecting the interests of the other colonies and of the whole empire"; remembering, again, the Monroe doctrine, and the fact that he who occupies the throne of Mexico is, though an Austrian, the creature of the ambitious man whose will is law to France; and, in view of these facts, considering the internal condition of our country, with nearly a million

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Conditions in the South.

square miles of our territory desolated by four years of stubborn war, and with its people divided into three classes, distrusting and hating each other—four millions of them born as things for a market and strangers to the enjoyment of any human right; six or eight millions more poor and ignorant nearly as they, and unused and averse to labor, less hopeful, and tending each year more nearly to dependence on the rifle, the net, and the line; and the remaining class, less numerous than either of the others, but possessing all the wealth and culture, acknowledging themselves a conquered people, but with rare exceptions proving by all their acts that they are unconverted, and that they hate the Union, its Constitution, and the people who maintain the unity of the one and the sovereignty of the other as intensely as they did when they began the unholiest war of history; regarding, I say, these facts, the disguised traitor may still hope for the accomplishment of his purpose, and the despondent patriot may well despair.

On the other hand, he who contemplates our geographical position, which makes us, on the one ocean, business neighbors to seven hundred and fifty millions of the people of Asia, and on the other to two hundred and fifty millions of the busy people of Europe, our vast agricultural resources, our unestimated mineral wealth, the magnitude of our rivers, and the natural wealth of the country they drain, the capacity of our people for enterprise, their ingenuity, and persistence, and who withal comprehends the laws of political economy and social science, and believes that a free and educated people will give practical effect to great truths, smiles with derision upon him who sees danger to our country in the complicated facts suggested.

I have before me, sir, the yellowed pages of a pamphlet, printed in London in 1677, which contains a panacea for all our ills, the suggestions of which, illustrated by the experience of our own and other nations, will, if applied to our resources, bring permanent peace and prosperity to our country, elevate the freedman into the prosperous and intelligent citizen, bless the master spirits of the South with wealth beyond their past imaginings, and give them, as steady competitors in the race of life, "the mean whites," as they designate their poor neighbors; will reconstruct their broken railroads and canals, rebuild their ruined cities, towns, and villages, and make their barren and wasted fields bloom and blossom as those of the fairest portions of the North, of Belgium, Germany, France, or England.

Andrew Yarrinton and Sir George Downing.

This quaint old pamphlet was written by "Andrew Yarrinton, Gentleman," and is entitled, "England's Improvement by Sea and Land. How to outdo the Dutch without Fighting, to pay Debts without Moneys, to set at Work all the Poor of England with the Growth of our own Lands." It disposes very effectually of the gentleman's proposition that free trade "is the true theory of government."

When Andrew Yarrinton wrote, the Dutch were disputing the supremacy of the seas with England, and she was exporting raw materials and buying manufactured articles; and one object of his pamphlet was to relieve the English people from the taunt of the Dutch that they "sold their whole skins for a sixpence, and bought back the tails for a shilling"—a commercial policy which the American people, with rare and brief exceptions, have steadily opposed. To Yarrinton and Sir George Downing, author of the Navigation Act, an American by birth, and a member of the first graduating class of Harvard college, England, in my judgment, owes more of her wealth and power than to any other two men, however illustrious their names may be in her history. Before they influenced her counsels Holland was mistress of the sea. But the Navigation Act and the employment of her people on the growth of her lands, transferred the scepter to England. The purpose of Downing's bill as declared in its preamble, was "to keep his Majesty's

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subjects in the plantations in a firmer dependence," to "increase English shipping," and to insure "the vent of English woolens and other manufactures and commodities." What Yarrinton and Downing taught their country we can practice for the benefit of ours. And as England outdid the Dutch without fighting, so can we outdo her by the arts of peace, and enforce the Monroe doctrine against the world without firing a gun; and, vast as is our indebtedness, strangers will come and cast their lot with us and liquidate it if we so legislate as "to set at work all the poor of" the United States "with the growth of our own lands." They will bring with them arts and industries, and implements with which we are not familiar; will open new quarries, mines, and ore banks; will build new furnaces, forges, mills, and workshops; will revive wasted lands and open new fields, and by creating a home market will enable the farmer to practice skillful and remunerative husbandry, and will create American commerce by enabling our merchants to supply ships with assorted cargoes of American goods.

THE ONE WANT OF OUR COUNTRY.

Labor the source of wealth.

Sir, the pressing want of our country is men. We need not sigh for additional territory. We need go to no foreign nation for any product of agriculture. Abundant as are our ascertained stores of gold, silver, coal, iron, copper, zinc, lead, cinnabar, kaolin, petroleum, and the infinite number of substances man has utilized, the extent of our mineral wealth is unmeasured and unimagined. And our ocean-bound coasts, the immense inland seas that bound us on the north, the land-locked Gulf that laves our southern shores, and our grand rivers, impel us to commercial enterprise, and proclaim the one great want of our country to be men. Labor alone can make these unparalleled resources available; and when by securing to industry its just reward we shall develop and attract hither from other lands a supply of labor that will make the march of our conquest over the elements of our wealth steadily progressive, our debt, though expressed by the numerals required to tell it now, will shrink into comparative insignificance, and the Powers which by treachery and disregard of international law during the last four years would have destroyed us, will assume relatively Lilliputian proportions.

But to make labor fully available it must be steadily employed and generously rewarded, and to secure these results the employments of a country must be largely diversified. A nation whose territory is broad and remote from dense populations cannot, by pursuing commerce and agriculture alone, prosper or endure. This is the decree of nature. Land, as well as man, requires rest and food; and a purely agricultural and commercial nation can afford neither of these. The social history of the world verifies this proposition. To make a nation prosperous remunerative employment must be accessible to all its people; and to that end industry must be so diversified that he who has not the strength for agricultural or other labor requiring muscle may make his feeble sinews available in some gentler employment. Agriculture and commerce afford few stimulants to inventive genius; diversified industry offers many. Childhood to a purely agricultural community is wasted in idleness, as are the winter months of robust men, and to realize the truth of the maxim that time is money, the varied industry of a country should offer employment to all for all seasons of the year, that each day may be made to earn its own subsistence. And herein is illustrated the harmony of interests, for where diversity of employment is successfully promoted, agriculture finds its readiest markets and earns its richest rewards; for within accessible distance from the city or town the farmer has a market for those perishable pro-

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ductions which will not bear extended transportation, but the cultivation of which, in alternation with white or hard crops, strengthens and enriches his land.

The fact that we determined to pay in gold the interest on our bonds and to obtain the required bullion by collecting the duties on imports in coin, has done much to animate and diversify our industry. This fact and the general results of the war—for the duties we lay on raw materials and our internal taxes more than counterbalance the protection afforded to many branches of industry by our tariff laws—have enabled us to recover from our prostration and started us in a career of prosperity and progress; and if wisdom guide our legislation, the waste lands of which I have read will soon be reinvigorated; the ancient village will be absorbed in the expanding city; new towns will mark the plain and river bank; and where the mean white and the negro have loitered listlessly through the months, diversified and well paid industry, quickening their energies and expanding their desires, will employ all their hours, and enable each to carve his way as an American citizen should do in a career that will afford him pleasure or profit. The gentleman from Indiana may desire to recall the idleness and misery of 1860, but I cannot believe that he is justified in intimating that President Johnson sympathizes with him in this respect.

VIRGINIA.

General Frank P. Blair, jr., intent upon neutralizing any service he may have rendered the country during the war, having gathered about him the representative men of eighty thousand disfranchised traitors of Missouri with whom he now affiliates, recently charged, as does the gentleman from Indiana, that the Republican party of the country is under the control of men whose object is to aggrandise New England, and by a protective tariff tax the agricultural interests of the country for the benefit of a few wealthy manufacturers, and that resistance offered to the admission of representatives of the conquered but unregenerated people of the South by Congress is the result of this purpose. How false this is he well knows; for every member of the family in the councils of which he bears so distinguished a part, and which always speaks as a unit, may be shown, by their published utterances, to understand that protection to American industry is essential to the prosperity of the agricultural interests of the country. Adequate protection to American industry, its defense against the assaults of the accumulated capital, machinery, cheap labor, and skill of foreign countries, is of less importance to the middle and New England States than to any other portion of the country. The wasted South most needs it; and next to the South, the Northwest, rich in all the elements of manufacturing greatness, and poor only from her want of local markets, which the diversification of her industry and development of her multifarious resources would create.

Sir, Virginia is not a New England State; nor do her people delight in being called Yankees, though they will hereafter be as proud as we are of our national cognomen. But no portion of our country, unless it be General Blair's own Missouri, with her boundless stores of varied mineral wealth, would be so blessed by setting all its poor at work upon the growth of its own lands as Virginia. A discriminating writer, who in August last traversed a large portion of the gold region of the State, in company with three eminent mineralogists, in the course of an article in the December number of *Harper's Magazine*, says:

Resources of Virginia.

"To give any adequate description of the mineral wealth which Virginia contains, would be not only to minutely describe every rod of her entire length, embracing hundreds of miles, but to enumerate almost every mineral of value hitherto

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known among mankind. It is not in gold alone that she abounds—but, scattered in profusion over almost her entire surface are to be found iron, copper, silver, tin, tellurium, lead, platinum, cinnabar, plumbago, manganese, asbestos, kaolin, slate, clay, coal, roofing slate of the greatest durability, marbles of the rarest beauty, soap stone, sulphur, hone-stone, equal to the best Turkey, gypsum, lime, copperas, blue stone, grind stone, cobalt, emery, and a variety of other materials that we have hitherto been compelled to import or to do without. Indeed, it may be said, without exaggeration, that in the single State of Virginia, in the most singular juxtaposition of what might be considered geologically incongruous materials, is to be found an almost exhaustless fund of God-given treasures, more than enough to pay off our whole national debt, and only awaiting the magic touch of capital and enterprise to drag them to light for the benefit of man."

Of what avail have these boundless deposits of multiform riches been to the people of Virginia, and what have the Democratic party, slavery, and British free trade done for their most fortunately situated and devoted adherents? The aristocracy of Virginia have withheld from the laborer his hire, and the native fertility of their land has wasted away. They have traded in human muscles as a source of power, and laboring men have shunned their inviting climate; and their water power, exceeding in one year the muscular power that all the slaves found in the United States at the taking of the last census could put forth in a lifetime, has flowed idly to the sea, often through forests so wide that it could "hear no sound save its own dashing." And the State, from having at the close of the last century been the first in point of population and political power, fell, in sixty years, as is shown by the census of 1860, to be the fifth in population, and to rank the equal of free young Indiana in the fifth class in political power.

The laws of Providence are inflexible, and it could not be otherwise. Despising labor, the Heaven-appointed condition on which alone man shall eat bread, she tended year by year toward poverty and want, and though she raised millions of laboring people of every shade of human complexion, the sweat of their brows enriched not her fields but those of other states. Like Germany before the establishment of the Zoll-Verein, and Ireland since the Union, she raised little else than laboring people for exportation. If he who fails to provide for his family be worse than an infidel, what shall be said of the legislation that drives the heirs to so goodly a heritage as the lands of Virginia forth in want and ignorance to dwell among strangers?

The Republicans of New England and the Middle States would make all her people comfortable, happy, and intelligent, in the homes of their fathers. We of Pennsylvania will welcome them to generous rivalry in every branch of industry to which we have devoted ourselves. In this age of iron, fire is force, and Virginia is underlaid by the purest fuel. If she wishes to leave her rich gold and silver mines in all their wealth to posterity, let her rival us in contributing to the needed supply of iron and steel for the exhausted South. Her kaolin is equal to any in England, and why will she not lessen our dependence on that country by building up an American Staffordshire, and embodying in porcelain the conceptions of American art? And as the product of the quarries of New Jersey and northeastern Pennsylvania have driven British roofing and school slates from our northern market, why will she not send hers to every market in the South? The country would be none the less powerful or respectable if every child in that section, however black, were expert in the use of the slate and pencil, or if their now squalid homes were embellished, as are those of many of the working people of the North, by ornate brackets, shelves, mantles, pier slabs, and table, bureau, and

New England.

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washstand tops of what everybody but the connoisseur and expert mistakes for porcelain, mosaic, or Spanish, Egyptian, red and green Pyreneese, verd-antique, Siennese, porphyry, brocatel, or other marbles, but which are produced at little cost from the slate of Lehigh county.

Pennsylvania Challenges Generous Competition.

Is it said, sir, that Pennsylvania seeks to obtain a monopoly of the American iron market? Why, then, does she ask you to so legislate that capital shall find its advantage, and the laborer become rich, in working the unmeasured iron and coal-beds or her near neighbors, Maryland, Virginia, West Virginia, Kentucky, and Tennessee? England can no longer supply herself with charcoal pig-iron. She has not the fuel. Her forests have yielded to the demand for pasturage and sheep walks. She is in this respect dependent on foreign countries, and buys such pig metal as raw material where she can get it best and cheapest, from Sweden, Norway, Russia, or Nova Scotia, all of which are in the same isothermal zone, in which are found underlying forests which yield an average of fifty cords per acre, the inexhaustible beds of better than Swedish ore of the Marquette region of Michigan and Wisconsin. And, gentlemen of the Northwest, I ask you whether patriotic Pennsylvania manifests a disposition to tax you for her advantage when she challenges your competition, and implores you to help her to outdo England without fighting and enrich yourselves by setting unemployed laborers at work with the growth of your own lands? The Bessemer or pneumatic converter is coming largely into use, and the exigencies of the war and the incidental protection it has given our industry have created manufactories of American steel; and in each of these facts you have a guarantee of steady increase in the demand for your unrivaled product, and of the profits of the railroad companies, which will carry away your commodities and return with people to build the cities your expanding iron and steel works must create.

Liberality of Pennsylvania.

In view of these gratifying facts, can it be possible that the people of the Northwest are anxious for an early renewal of the "*tripartite* alliance formed by the Western farmer, the Southern planter, and the English manufacturer," so exultantly referred to in "Cotton is King," by which the furnaces producing all this metal shall be closed, and their proprietors and the laborers they employ reduced to bankruptcy, as those of Ohio and Pennsylvania have so often been by British free trade?

If, gentlemen of Missouri, Pennsylvania is seeking a monopoly, why do her people labor to persuade you to produce at the base of Iron mountain and Pilot Knob the utilities to the creation of which they devote their capital and industry? No, our efforts are not selfish. We wish to raise the prostrate South and give her an onward and upward career, and to secure to the American laborer wages so liberal that the report thereof shall invite to our shores the skilled and enterprising workmen of every craft and country. By employing all our people with the growth of our own lands we can create an urgent demand for labor, and thereby solve the most difficult problem before the country; for when labor is in quick demand its value will be regarded and the rights of the laborer protected.

By no other means can the exhausted South be restored, or the work of her recuperation be commenced. Who will emigrate to the recently insurgent States? Vast and varied and peculiar as are their natural resources, will capital, proverbially timid as it is, fly to a region characterized by turbulence and lawlessness, or enterprise to a land in which labor is regarded as the disgraceful office of a

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subject race, and where legislation is employed to repress the intellect and suppress the aspirations of the laboring people for a higher and better life? Sir, there is not a Northern State that does not outbid them for emigrants and offer superior inducements to the capitalist and those that are infinitely more attractive to him who has but his labor and that of his family to sell. Pennsylvania needs a million laborers. She can feed and clothe and house them all should they come to her in the current year. We want them to gather and refine petroleum, to construct and manage railroads, to conduct our internal carrying trade, to build factories, forges, furnaces, founderies, and the towns they will beget; to quarry slate, zinc, coal, iron, marble, and the thousand other elements of wealth condensed within the limits of our State. Inert as these natural elements of wealth are, they are of no available value; but the quickening touch of labor will transmute them all to gold; and energy, enterprise, and capital in the hands of men whose earlier years were passed in manual labor are holding out to industry the richest bribes to induce it to come and help pay our national debt and increase our country's power by enriching themselves and us. But, sir, we offer higher inducements than wages in dollars and cents. Our equal laws, recognizing the fact that the children of a State are its jewels, put a school-house near every laboring man's dwelling, and as a reward for his industry, and to increase the power of the State, secure to each child coming into the keys of all knowledge in the mastery of the English language, the art of writing, and at least the elementary rules of arithmetic. And in the neighborhood of every hamlet the church spire points the way from earth to heaven. Before the altar employer and workman meet as equals, and in the same class in the Sunday-school their children learn practical lessons of Christian equality.

A Suggestion and Example to the South.

These are conditions that the South cannot yet offer to the emigrant from our fields or those of Europe. If she would prosper she must Americanize her system of life, abandon her contempt for labor, and her habits of violence and disregard of law. She must learn to respect man as man, and stimulate his exertions by quickening his intellect, expanding and chastening his desires, and insuring him a just reward for whatever he shall put forth in the way of industry, ingenuity or enterprise. She can only create the elements of her new and great future by developing the resources now at her command, the chief of which she will find to be her apt and docile laboring people. Her present purpose seems to be not to do this, but to enter on a new career of oppression. Her dream is still of dominion over large plantations and imbruited laborers. Let her abandon the problem, "How can I *make* my laborers work?" and occupy herself upon the gentler one, "How can I *induce* these people by whom I am surrounded to enrich themselves and me?" and she will begin to learn how rich and powerful she is. When she shall have accomplished this much, when her laborers are freely paid and her common schools offer shelter and culture to the laborer's child, she may successfully appeal to those who can elsewhere find wages, security, and equal chances in life to come and cast their lot with her. She should hasten the coming of that day. In common with us, she is burdened by the debt of $3,000,000,000 in which she has involved us. Let her remember that she, too, has coal, iron, lead, copper, zinc, silver and gold, cinnabar, tellurium, and all the elements of manufacturing and commercial power which characterize so abundantly every section of our country; that she has broad land which will not be fully worked when every man and woman within its limits may say, with truth, "I am indeed an

The South must respect labor

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American citizen, and have, by my well-requited voluntary labor, earned the bread my dear family has this day eaten." And she will find that she has added vastly to her wealth when the field hand shall have been transformed into a skilled workman; when he who, under the lash, has lazily hoed cotton or corn, under the stimulus of liberal wages, converts ore and coal into rails, cannon, or anchors, or into any of the thousand minor fabrics from the fish-hook and the sail or packing needle to the heavy and complicated lock advertised in the catalogue of one concern, that of Russell & Erwin, of New Britain, in Connecticut—a State producing so little iron as to be scarcely remembered when enumerating the iron-producing Commonwealths of the country. This concern, I am informed, sold but $30,000 worth of goods in the first year of its operations, and $3,000,000 worth during the last year. Meanwhile it has concentrated in the village enlivened by its works a thriving and highly educated population, and has converted unskilled laborers into mechanics and accomplished mechanicians, though their hands were no nimbler or their minds more comprehensive or versatile than those of the laborers to be found in the devastated South, whose extermination or expatriation seems to be within the purview of those who assert their right to control the policy of that section.

It is not for the rich, the comparatively few who have accumulated capital, that we demand protection. We ask it in the name of the millions who live by toil, whose dependence is on their skill and ability to labor, and whose labor creates the wealth of the country. To what fearful competition they are subjected when by withholding protection we leave them undefended against the assaults of British capital, is aptly set forth by Daniel J. Morrell, Esq., in his admirable letter to the secretary of the American Iron and Steel Association. He says:

Daniel J. Morrill.

"That portion of the price of a ton of *imported* iron which stands for the wages of labor, represents *coarse food, mean raiment, and worse lodging, political nullity enforced ignorance, serfdom in a single occupation, with a prospect of eventual relief from the parish.*

"That portion of the price of a ton of American iron which stands for the wages of labor, *represents fresh and wholesome food, good raiment, the homestead, unlimited freedom of movement and change of occupation, intelligent support of all the machinery of municipal, State and national Government, with a prospect of comfortable old age, at last dividing its substance with blessings among prosperous children.*

"Thus it is easy to see why imported iron may be cheap and American iron dear; for the latter, in addition to its other burdens, pays an extraordinary tax to freedom and enlightenment, which are assuredly deserving of protection."

Mr. Morrell evidently does not agree with the magnates of the South in their opinion that the way to make a State great and powerful is to oppress and degrade its working people.

Domestic Commerce is More Profitable Than Foreign.

There is other commerce than that between foreign nations. France and England lie nearer to each other than New Jersey and Ohio, or than Indiana and Missouri. Commerce between New England and the Pacific slope takes place at the end of longer voyages than that between New and Old England. A quick market and active capital make prosperous commerce. Interest on borrowed capital is often a fatal parasite, and a nimble sixpence is always better than a sluggish shilling. Commerce is the traffic in or transfer of commodities. It

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should reward two capitals or industries—those of the producer of each commodity; and where trade is reciprocal, and really free, each man selling or buying because he wishes to do so, it does reward both. It is, therefore, apparent, that if we consume American fabrics, as well as home-grown food, these two profits, and a third, (two of which now accrue to foreigners, one absolutely and the other in great part,) would remain in the country. These are the profits on the production of raw material, on its manufacture, and too often on its double transportation. But trade between a country in which capital is abundant, and the machinery of which, having paid for itself in profits already realized, is cheap, as is the case in England, and a new, or in these respects poor country, as is ours, is never reciprocal; for the party with capital and machinery fixes the terms on which it both buys and sells.

Relative value of domestic and foreign trade.

In addition to keeping both profits on our commerce at home and doing our own carrying, the diversification of our industry will insure markets for all our products, and render the destruction of any one of the leading interests of the country by a foreign commercial Power an impossibility. By securing the home market to our industry and giving security to the investment of capital in furnaces, forges, mills, railroads, factories, founderies, and workshops, we can steadily enlarge the tide of immigration. Men will flow into all parts of our country—some to find remunerative employment at labor in which they are skilled; some, finding that land, mineral wealth, waterpower, and commercial advantages are open to all in an eminent degree, will come in pursuit of enterprises of moment, and each new settlement, and each new branch of industry established, around which thousands of people may settle, will be a new market for the general products of our skill and industry; so that we shall not only become independent of Great Britain in so far as not to depend on her for that which is essential to our comfort or welfare, but independent in having a population whose productions will be so diverse that though the seas that roll around us were, as Jefferson once wished them, "seas of fire," our commercial, manufacturing, and agricultural employments could go on undisturbed by what was happening in other lands. When we shall have attained this condition of affairs we will build ships and have foreign commerce, for we will have that to carry away which, being manufactured, will contain in packages of little bulk our raw material, food, mechanical skill, and the labor of our machinery; and in exchange we will get whatever raw material we do not produce, and the ability to retain the basis of a sound currency which England and France, by the free trade they preach but do not practice, now draw from us and other countries in the position we so humbly occupy of producers of raw material, and whose people lack the foresight or the ability to supply themselves with clothing and the means of elegant life.

The western farmer and the railroad man say, "Let me buy iron and steel cheap; it is my right to buy where I can buy for least money;" and their Representative, complying with their wishes, refuses to put an adequate duty upon iron and steel. May it not be pertinent to remind these gentlemen that the manufacturers of the iron and steel they import live in houses built of British timber and British stone, and furnished with British furniture; that they are taught, so far as they are educated, by English teachers; attended in sickness by English doctors; clothed and shod by English artisans; and that their wages are expended in confirming British supremacy by augmenting British industry and British commerce; that they are fed with wheat gathered on the banks of the Nile and the Baltic, or wherever England can buy it cheapest; and that General Jackson's assertion, that to transfer six hundred thousand men from agricultural to manu-

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facturing employments would give us a greater market for our agricultural products than all Europe now supplies, is as true now as it was when first uttered. And that, if we import the men to make the iron and steel we will need for 1866, 1867, and 1868, the implements with which they will dig the limestone and ore, and mine the coal, will be of American production; the food they will eat will be grown on American soil; the timber of the houses they will occupy will be cut from American forests; the stones with which it will mingle will be quarried from American quarries; and the tailor, shoemaker, and hatter, the teacher, preacher and doctor, and all others whose services they will require, and whose presence will augment the population of the village, the town, or the city will be Americans, and depend for their supplies on American labor. And may I not ask whether the farmers of the country, in being relieved from colonial dependence, and having a steady market thus brought to their door—a market in which wheat from the banks of the Nile and the shores of the Baltic will never compete with and cheapen theirs—would not, though they paid more dollars per ton, find that they were buying their iron and steel cheaper if they gave fewer bushels of wheat for it, and less frequently consumed their surplus crops as fuel or permitted them to rot in the field? He does not buy most cheaply who pays least money for the articles he gets, but he who gives the least percentage of his day's, month's or year's labor in exchange for a given commodity; and tested by this standard, the cheapest market in which iron and steel can be bought for American purposes will be found in the protected market of America.

The West needs protection.

Do not the people of Michigan and Wisconsin wish to develop their resources and make them available? Are the people of Missouri insensible to the advantages which would flow from deriving income from the conversion of their mountains of ore into rails, machinery, and hardware? Will not the people of Tennessee allow the descendants of the colored men who worked his furnaces and gave Cave Johnson his majority in his first contest for Congress, and others like them, to enrich that devastated State by working her mines and bringing her forges and furnaces again into profitable use? And why may not the whir of the rolling-mill be heard throughout Kentucky, Tennessee, Virginia, Georgia, and other Southern States which are heavily underlaid with iron? There will be quick demand for the yield of all if we determine to develop the wealth of our whole country, and interlace its parts, as we should, with railroads. By excluding from our markets one-third of the annual export of railroad and bar iron from England we will bring hither the men who make it. Why should we, with the capacity established in five years—for when the war began and furnished its incidental protection, the manufacture of steel was unknown in our country—why should we, who in five years have created facilities for manufacturing about fifty thousand tons of steel per annum, buy from England one-half of her entire export of unwrought steel? Rather let us enfeeble her and strengthen our country by bringing hither the men who make it. The iron of the States I have named, and I may say of almost every State of the Union, would give us steel as pure and tenacious as England can make. The establishment of this branch of trade would lead to immense internal commerce, and reward our railroads with business that would flow both ways in all seasons of the year. The ores of the Marquette region will be in request in every iron-producing State, as those of Sweden, Norway, Russia, and Nova Scotia are in France and England.

Let us then measure our resources by experiment and open them to the enterprise of the world; and the question whether we owe three hundred or three thousand millions will, ten years hence, be one of trifling importance; and, as

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Andrew Yarrinton showed the people of England how to "outdo the Dutch without fighting," we will find that peace hath her victories for us also.

William D. Kelley in the first years of his life, gave his approval to the principles of free trade, but, like thousands of able and patriotic Northern Democrats, became converted to the policy of protection by witnessing the prosperity and growth of the country under the act of 1842 and the utter failure of the acts of 1846 and 1847 to fulfill the promises of Secretary Robert J. Walker. These events caused Mr. Kelley, as they did Henry C. Carey, to make a profound study of the economic principles upon which both protection and free trade were based, and to examine the history and causes of the industrial progress of nations. Mr. Kelley in his introduction to his *Speeches, Addresses and Letters,* said:

Why Kelley became a protectionist.

The theory that labor—the productive exercise of the skill and muscular power of men who are responsible for the faithful and intelligent performance of civic and other duties—is merely a raw material, and that that nation which pays least for it is wisest and best governed, is inadmissible in a democracy; and when we shall determine to starve the bodies and minds of our operatives in order that we may successfully compete in common markets with the productions of the underpaid and poorly-fed peasants of Europe and the paupers of England, we shall assail the foundations of a government which rests upon the intelligence and integrity of its people. To defend our country against this result, is the office of a protective tariff, and for this duty it alone is sufficient.

This was not always my belief. My youthful judgment was captivated by the plausible but sophistical generalities by which cosmopolitanism or free trade is advocated, and my faith in them remained unshaken till events involving the prostration of our domestic industry, and the credit not only of cities and States, but of the nation, demonstrated the insufficiency or falsity of my long and dearly cherished theories. In 1847, I had seen with gratification the protective tariff of 1842 succeeded by the revenue or free trade tariff of 1846. To promote this change, I had labored not only with zeal and industry, but with undoubting faith that experience would prove its beneficence.

Mr. Kelley said further:

But I may remark that it was the consideration of the question, Where shall the farmers of America find a steady and remunerative market for their crops? that confirmed my adherence to protection. The circumstances were these: In 1859, during the period of doubt heretofore referred to, I sought the privilege of renewing a neglected intimacy with Henry C. Carey, to whom I have since gone, and never in vain, when troubled by doubt on any economic question. Hitherto, our intercourse had been that of earnest adherents of conflicting systems, but henceforth it was to be that of friends in council, or rather of teacher and pupil.

Many changes were made in tariff laws from 1870 to 1880. July 14 and December 22, 1870, rates were reduced on many articles, increased on a few; and the free list was greatly extended May 1, 1872, tea and coffee

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made free; June 6, 1872, reduction of 10 per cent, free list further increased; revised statute of June 22, 1874; February 8, 1875, known as the Little tariff bill, some rates increased, others reduced; March 3, 1875, rates increased on sugar 25 per cent, repeal of 10 per cent reduction of act June 6, 1872; July 1, 1879, quinine made free. The most important of these acts affecting a single industry was the duty of one and one-quarter cents per pound, or $28 per ton, imposed on steel rails in 1870. The manufacture of steel rails in the United States began experimentally in 1865, and as a commercial product two years later. It was not till 1870, however, when the industry received adequate protection, that we really began to show the world what we could do. The following tables will show our production from 1867 to 1894:

Increase of production of steel rails.

Year.	Gross Tons Produced.
1867,	2,277
1868,	6,451
1869,	8,616
1870 ($28 per ton duty),	30,357
1871,	34,152
1872,	83,991
1873,	115,192
1874,	129,414
1875,	259,699
1876,	368,269
1877,	385,865
1878,	499,817
1879,	618,850
1880,	864,353
1881,	1,210,285
1882,	1,304,392
1883,	1,156,911
1884,	999,367
1885,	963,750
1886,	1,599,395
1887,	2,119,049
1888,	1,390,975
1889,	1,513,045
1890,	1,871,425
1891,	1,298,936
1892,	1,541,407
1893,	1,130,368
1894,	1,017,098

As our manufacture of steel rails has increased, the production of iron rails has decreased. In 1872 we made 808,866 gross tons of iron rails—our largest annual production, while in 1894 we made only 4674 tons—our lowest production. It will be pertinent also to note the importations during this period, and to that end the following table is appended:

IMPORTATION OF RAILS OF ALL KINDS.

Year.	Tons.
1867,	145,580
1868,	223,287
1869,	279,609
1870,	356,387
1871,	505,537
1872,	473,973
1873,	231,046
1874,	96,706
1875,	17,364
1876,	256
1877,	31
1878,	9
1879,	39,417
1880,	259,543
1881,	344,929
1882,	200,113
1883,	34,801
1884,	2,829
1885,	2,189
1886,	41,587
1887,	137,830
1888,	63,037
1889,	6,217
1890,	204
1891,	253
1892,	347
1893,	2,888

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Effect of a protective duty on steel rails.

The year of largest production and consumption was 1887. It was also the year of largest mileage of new railroad construction in the United States. The decline in both production and consumption in recent years is due of course primarily to the decline in railroad consumption. Two marked declines in the imports will be noted. The first during the years 1874-79 can be attributed to the financial depression of that period. The second, since 1887 to the present time, is due to the cheapening of prices of the domestic rails. In 1870 the price of a ton of steel rails was $106 in gold. During the first three months of 1895 the price was $22.

In 1872 steel rails were included in the 10 per cent reduction of duty but the old duty was restored three years later. In 1883 the duty was reduced to $17 per ton; in 1890 by the McKinley act, to $13.44 per ton, the present duty (Gorman-Wilson act) being $7.84 per ton. No better example of the workings of a protective duty can be cited than the figures given above. First, the establishment of the industry itself; second, constantly increased production and consequent decreased importation; third, gradual reduction in price. It will be seen also that the duty was twice materially reduced in protection measures to meet altered conditions, while in our present free trade law the duty is just 28 per cent of that originally imposed in 1870. So long as the duty added to the foreign price with cost of transportation exceeds the home price so long will it be protective. The difference in wages and labor cost will be found elsewhere and will show just how much duty is needed to protect and maintain this industry in which we have not only overtaken but left far behind the free trade mills of Great Britain.

May 1, 1872, in accordance with our protection doctrine, the duties on coffee and tea were entirely removed. In June of the same year Congress also passed the following:

> That on and after the first day of August, 1872, in lieu of the duties imposed by law on the articles in this section enumerated, there shall be levied, collected and paid on the goods, wares and merchandise in this section enumerated and provided for, imported from foreign countries, 90 per centum of the several duties and rates of duties now imposed by law on said articles severally, it being the intent of this section to reduce existing duties on said articles 10 per centum of such duties.

The panic of 1873.

The section included the iron, steel, cotton, glass, wool and woolen schedules as well as many other important articles. It was, to say the least, most unfortunate and untimely, and while not the sole cause yet it no doubt contributed much to the financial trouble of the following year known as the panic of 1873. Free traders love to dwell on this panic as having occurred under a protective tariff—all other panics and periods of financial prostrations having been accompaniments of free trade. But it is not difficult to analyze and account for the disastrous times of 1873 and the six years following. First we find a general reduction of duties before we had fully recovered from the war. We had not yet restored

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the number of producers lost nor the vast property destroyed. When the national debt was funded there was $150,000,000 needed for annual interest, a great proportion of it going to Europe in exports of gold or its equivalent. Pensions too took a large part of the nation's income, over $200,000,000 having been disbursed from 1866 to 1873, inclusive. Two hundred million dollars more were diverted from the ordinary channels of business by the rebuilding after the great Chicago and Boston fires of 1871 and 1872. But these were not the only burdens the people had to bear at this time. Being on a paper money basis all gold payments added a heavy premium. The panic had been averted for over eight years and when it did come it did not bring general disaster so much as individual loss and sacrifice. "And strongest of all points (quoting Mr. Blaine in his answer to Gladstone), the financial distress was relieved and prosperity restored under protection, whereas the ruinous effects of panics under free trade have never been removed except by a resort to protection." We had been living during and after the war under inflated valuations. When prices began to fall toward a normal basis, it brought about a readjustment of every department of production, and every kind of business. One of President Grant's first messages to Congress recommended a speedy return to specie payments. This was the first step toward bringing the country down from the inflated condition that existed.

While the panic of 1873 in the United States was followed by a period of great industrial prosperity and growth, the reverse has been the case in free trade England. The depression which set in there in 1876 has grown in intensity up to 1895, when relieved in part by our Democratic Congress. While England was neglecting her home market under free trade, the people of the United States were preserving and protecting theirs by which they were enabled to save all of the results of the enterprise, energy and industry of their own people.

Return to higher protection.

In June, 1874, the tariff was revised and in March of the following year the 10 per cent reduction of 1872 was repealed. It was now thought best to begin the preparations for a return to specie payments and a law to that effect was passed in 1875 to take effect January 1, 1879. Notwithstanding the financial disasters which continued for six years of this decade and the changes consequent upon a return to coin payment, a most wonderful industrial advance was made. In population we gained 30 per cent. Of wealth we added over $13,000,000,000, a gain of 44 per cent. In savings we gained 49 per cent. In total manufactures 27 per cent, and iron and steel production nearly 200 per cent. We increased our railroad mileage by over 40,000. In fact we gained in every branch of industry, at the same time reducing the national debt by $322,462,622. Again, for a decade were the wisdom and strength of a protective tariff demonstrated. It had withstood war and its effect ten years before. It had now withstood a prolonged financial depression. In each case the nation had done

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an increased business added to its wealth and paid off much of its obligations. While other nations were declining in material welfare, or at best standing still, the people of the United States were advancing with rapid strides.

Rapid advance.

The decade 1870-1880 was marked by two attempts on the part of the Democratic party to overthrow the policy of protection. First came the resolution introduced by William Morrison of Illinois, chairman of the Democratic Ways and Means Committee, in the session of 1876, which provided for a horizontal reduction in duties. The attack on our industries was renewed in the session of 1878 by a bill introduced by Fernando Wood of New York City, who especially represented the importing interests. The bill, while it provided for reductions of only about 15 per cent, was simply an entering wedge for the complete overthrow of protection then contemplated by the Democratic party. As Mr. Wood said in his speech on April 9, 1878: "If I had the power to commence *de novo*, I should reduce the duties 50 per cent, instead of 15 per cent upon an average, as now proposed."

Attempts to overthrow protection.

On June 5 following, the enacting clause was stricken out of the bill by a vote of 134 yeas to 120 nays. Of the affirmative vote, 115 were Republicans and 19 were Democrats. Of the 120 nays, 113 were Democrats and only 7 were Republicans. On December 1, 1877, Roger Q. Mills of Texas offered a resolution "to so revise the tariff as to make it purely and solely a tariff for revenue," and not for protection. The vote on this resolution stood 67 yeas to 76 nays, twelve Democrats voting with the Republicans against it. On December 6, 1880, Mr. Hurd of Ohio, a distinguished advocate of free trade, introduced a series of resolutions which endorsed the free trade doctrines embodied in Secretary Walker's report of 1846. These resolutions, like the one of Representative Wood, came to naught.

The Cobden Club.

Upon the formation of the Cobden Club in 1866, interference in American politics was again renewed by the representatives of the British manufacturers. As stated by the London *Times* on July 12, 1880: "How free trade will come some day to the United States, must be left to the Cobden Club and its twelve cabinet ministers, in their unofficial capacity, to decide." At the close of the civil war, the Southern wing of the Democratic party returned to the halls of Congress as fully committed to the doctrines of free trade as they were in 1856. Their old allies, the importing interests, and many of the commercial interests of the North, were still as devoted to the British as they had been in the past. Substantially the same political forces which had contested the ground in the tariff controversies with the protectionists before the civil war, were now as vigorous as ever in their endeavors to destroy the American System and break down the industries of the country. The political

Old enemies of protection active.

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controversies which absorbed public attention in the campaigns of 1868 and 1872 involved questions growing out of the civil war. The bitter sectional hostilities engendered by the strife dominated public sentiment in both sections of the country. The Union cause, which had grown in popularity and strength from the time Fort Sumter was fired on until Lee surrendered at Appomattox, made the Republican party dominant for years after the close of the struggle. The depression in business following the panic of 1873, operated against the Republican party and nearly cost it the presidency in 1876, the result being so close and doubtful, on account of the frauds perpetrated and the intimidation of voters in Louisiana, Florida, South Carolina and other sections of the South, that an electoral commission was appointed by Congress to determine the result. Rutherford B. Hayes having been declared elected, the protective policy was made secure again for at least four years.

Four years security for protection.

In the election of 1868 there had been little discussion of the tariff question; and in 1872 the Democratic party united with a body of dissenting Republicans, known as "Liberal Republicans," and named Horace Greeley for president, Mr. Greeley, as has been pointed out, having been one of the most learned advocates and conspicuous champions of the cause of protection that America ever produced. The platform upon which he was nominated, however, did not make the tariff question an issue. Neither was the tariff question a dominant issue of the campaign of 1876, although Mr. Tilden, the Democratic candidate, had been a pronounced free trader before the war, having defended the free trade policy in a debate with Horace Greeley in the city of New York in 1842.

The tariff not an issue.

In 1880, after a most bitter controversy, in which the forces of the Republican party were almost equally divided in their support of James G. Blaine and former President Ulysses S. Grant, the Republican party named James A. Garfield and Chester A. Arthur as its candidates for president and vice-president. The Democratic party nominated General Winfield S. Hancock as its candidate for President, who in the course of the campaign made the remark that "the tariff is a local issue." The factional controversy which had long existed between the followers of James G. Blaine and of Roscoe Conkling, the two most conspicuous leaders of the Republican party, was laid aside for the time, and Mr. Conkling opened the campaign and framed its issues at a Republican mass meeting held at the Academy of Music, New York City, on September 17, 1880. In his introductory remarks he said:

Mr. Conklin's speech.

> We know no scepter save a majority's constitutional will. To wield that scepter in equal share is the duty and the right, nay, the birth-right, of every citizen. The supreme, the final, the only peaceful arbiter here is the ballot-box; and in that urn should be gathered, and from it should be sacredly recorded, the

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conscience, the judgment, the intelligence of all. The right of free self-government has been in all ages the bright dream of oppressed humanity—the sighed-for privilege to which thrones, dynasties and powers have so long blocked the way. France seeks it by forced marches and daring strides; Mr. Foster, Secretary for Ireland, tells the peerage of England it must take heed lest it fall; and Westminster and England ring with dread echoes of applause. But in the fullness of freedom the republic of America is alone in the earth; alone in its grandeur; alone in its blessings; alone in its promises and possibilities, and therefore alone in the devotion due from its citizens. The time has come when law, duty and interest require the nation to determine for at least four years its policy in many things.

Two parties.

Two parties exist. Parties should always exist in a government of majorities, and to support and strengthen the party which most nearly holds his views is among the most laudable, meritorious acts of an American citizen; and this whether he be in official or in private station. Two parties contend for the management of national affairs. One or the other of these two contestants is sure to manage the nation's concerns for some time to come. The question is, which of the two is it safer and wiser to trust? It is not a question of candidates. A candidate, if he be an honest, genuine man, will not seek and accept a party nomination to the presidency, vice-presidency or Congress, and after he is elected become a law unto himself. Few things are more despicable than first to secure elevation at the hands of a party, and then in the hope of winning pretentious non-partisan applause, to affect superior sanctity, and meanly to imply that those whose support and confidence were eagerly and deferentially sought are wanting in purity, patriotism or some other title to respect.

The higher obligations reside in good faith.

The higher obligations among men are not set down in writing and signed and sealed—they reside in honor and good faith. The fidelity of a nominee belongs to this exalted class, and therefore a candidate of a party is but the exponent of a party. The object of political discussion and action is to settle principles, policies and issues. It is a paltry incident of an election affecting fifty million people that it decides for an occasion the aspirations of individual men. The Democratic party is the Democratic candidate, and I am against the ticket and all its works.

The general issue a sectional one.

The general issue confronting us is in itself and in its bearings sectional. I would, and you would, it were not so, but it is so. If in one portion of the country one party outnumbers the other even by overwhelming odds, the fact need not be blamable, nor proof of sectional aggression. But if in any section a party gains and keeps control, not by numbers, not by honesty and law, and then, stifling free discussion and action, attempts to grasp the government of the whole country, the proceeding is sectional, guilty and monstrous. In twelve States of the Union the approaching election is to be no more than a farce, unless, as has sometimes happened, it be turned into a tragedy. There is to be no free debate, no equal rights, no true expression in these States; and in several States the clear majority is to have no deciding power—not even a chance in a raffle such as that in which lots were cast and the booty divided the other day between Tammany and the upper and solar walk reform Democracy. Senator Hampton largely promises forty thousand Democratic majority in South Carolina, where the actual majority is forty thousand the other way. In several Southern States there is a large, well-known, often ascertained Republican majority, but all Southern States alike, without exception or doubt, are relied upon to count on the Democratic side, and to score one hundred and thirty-eight electoral votes—lacking but forty-seven of a majority of all.

The causes of such condition, and the consequences, if it succeeds, are matters

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The bloody shirt.

which no sane, intelligent man can put out of view, and yet he who discusses them must be told in the coarse parlance of the day that he "waves the bloody shirt." It is a relief to a member that this phrase and the thing it means is no invention of our politics. It dates back to Scotland three centuries ago. After a massacre in Glenfruin, not so savage as has stained our annals, two hundred and twenty widows rode on white palfrys to Sterling tower bearing each on a spear her husband's bloody shirt. The appeal waked Scotland's slumbering sword, and outlawry and the block made the name of Glenfruin terrible to victorious Clan Alpine, even to the third and fourth generation. I am not going to recite horrors nor allude to them, nor to the chapter of cruelty they fill, nor to retry the issues of the war. My purpose is different. It is to show, if I can, what is actually at stake now; who and what the contending forces are; how much the result may mean and which way prudence and wisdom point.

After contrasting the industrial inactivity of the South with the thrift and vast business interests of the North, Mr. Conkling said:

Stubborn facts.

These are hard, stubborn facts. They are not recited with pleasure—far from it. They are recited with deep regret, yet their recital will be denounced as evincing a spirit of exultation, of hostile, invidious criticism. All this will be untruly, unjustly said. As an American, profoundly do I deplore the languor, the misfortunes and the wasted opportunities of any and every portion of our land. The ruinous course of affairs in the South comes home to every citizen of this great State, whose interests and whose grandeur are so dear to me. The welfare and interest of the South and of the West, and of every portion of the country, is the interest of New York. Whose capital helped to build Western and Southern railways? Who holds the bonds and obligations of Southern communities? When petitions are presented in Congress praying some action to stay repudiation in Louisiana and other Southern States, who sign these memorials as holders of the dishonored bonds? Who sells on credit to the South? Who buys her cotton and tobacco? Who would gain by her increase of production and wealth? Who loses by her inertness and distractions? Do men wish to injure or destroy their own investments? Whoever will answer these questions will know that New York and her people, from love of self and love of gain, saying nothing of other reasons, earnestly long that the South may be peaceful and prosperous, and able to pay her share of taxes and bear her share of the public burdens. From the wheatfields of Minnesota to the pastures of Texas there is not an acre whose fertility does not benefit New York, nor could she profit by the misfortunes or poverty of a hamlet in all our borders.

Who is harmed by bad Southern conditions?

It is not needed to the argument at this moment even to relate the causes of the mildew and sterility of the South, sunny, fertile and blessed by nature, as she is. Were I speaking to Southern men, with a hope that they would listen, it would be well indeed to beg them to reflect upon these causes. When the war was over, had there been hearty, manly acceptance of the most generous, magnanimous terms the world ever saw accorded by victors in any case—not in any like case, because there is none like it in history; had politics and thirst for power played less part, wasted less time, and done less wrong; had industry, enterprise, thrift and humanity ruled the hour; had there been more mending and building, and planting and sowing; had there been less ostracism and hate to repel Northern

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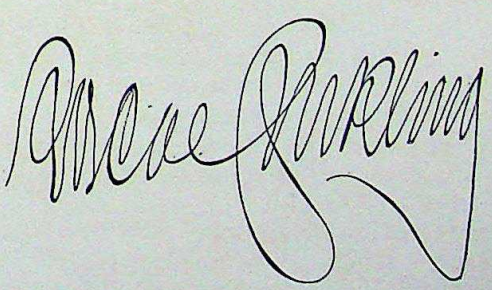

"FROM THE WHEAT FIELDS OF MINNESOTA TO THE PASTURES OF TEXAS THERE IS NOT AN ACRE WHOSE FERTILITY DOES NOT BENEFIT NEW YORK, NOR COULD SHE PROFIT BY THE MISFORTUNES OR POVERTY OF A HAMLET IN ALL OUR BORDERS."

ROSCOE CONKLING.

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capital and keep back and drive back Northern men; had a fair day's wages been paid for a fair day's work; had there been no persecution or exodus of labor; had repudiation been loathed and shunned and not embraced—how high in the firmament of the Union would glitter the constellation of the South!

More mending and building. Less ostracism and hate, the necessity.

But, as already said, I deal at this point with consequences and results as they are, not with causes. Deploring as we do and as we should whatever of misfortune falls on any section, when that section comes forward as a claimant of control and management of our general affairs, it is right to look—we are bound to look—into the scope and ground of the claim, and into the motives, method, fitness, situation and standing of the claimant.

Before Mr .Conkling delivered his speech, chaos reigned in the ranks of the Republican party. The Democratic party had carried the State of Maine in the September election and the prospects of a Republican victory were exceedingly uncertain. Mr. Conkling declared that the business interests of the country would be imperiled by Democratic success. Its record favoring cheap money; its opposition to the public credit act; its demand in its platform of 1876 for the repeal of the resumption act, and its growing opposition to the protective policy were brought so conspicuously to the attention of the country that the Republican party at once had a live, burning issue. Mr. Conkling spoke in Ohio, Indiana and in the great cities of the Empire State, presenting the issues of the battle in a matchless series of political addresses.

The Democratic party for cheap money.

A few extracts made from the speeches of Mr. Conkling will carry the reader back to this eventful campaign and give him something of an idea of the spirit of the contest, and of the principles and policies on which the Republican party appealed to the people. On September 28, 1880, Mr. Conkling addressed a meeting at Warren, Ohio, at which fully 40,000 people were present. Seated on the platform were Simon Cameron of Pennsylvania, John A. Logan of Illinois, Levi P. Morton and many other distinguished Republicans. The meeting was presided over by former President Grant. Among the mottoes hung about the stage were: "High Tariff, High Wages and High Old Times"; "Senator Conkling, the Stalwart Statesman of the Republic"; "Ohio Fosters Freedom and Grants Equal Rights to All"; "Democratic Financiering and Repudiation"; "Garfield, Protection and Prosperous Times"; "The World's Guest is Ours To-day—'Let us have Peace.'"

Mr. Conkling at Warren, Ohio.

Mr. Conkling said:

Mr. Chairman and fellow-citizens of Ohio—not of Ohio alone, because Illinois is here, and Pennsylvania is here. For a welcome so great and so warm I beg you all to receive a stranger's hearty thanks, and yet not all a stranger, because I find the Western Reserve peopled with thousands whose brethren and whose kindred are neighbors of mine. This is indeed a grand meeting. Its presiding officer is the most illustrious citizen of the republic. It is held in a grand Republican State; a State which, I trust, is to give to the country the next President of the United

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States. Ohio is the child of Virginia; Connecticut ceded the Western Reserve, but Ohio is the child of Virginia. Ohio is seventy-seven years old this year. Within the memory of men still living, the tomahawk and the scalping-knife did deeds of savage cruelty where now temples of religion, temples of education and temples of industry outglitter each other in the broad sunlight of a wondrous civilization. When Ohio began her people were few, and they strangers in the land. She began with 45,000 people. To-day she has 3,200,000. Geologists say that your soils are so fertile and rich as to need only to be tickled with a hoe to laugh with a harvest. They say that more than half of them came from far-distant regions, clays and gravels, washed by the surge, and the drift of gigantic primal forces. This is typical of the people. I see around me people not only from New England, but from Old England, from Ireland, from Scotland, from cold Norway and Sweden, from warm and sunny France—from every clime where humanity struggles. Those who came to Ohio—men and women willing and eager to eat their bread in the sweat of their brow—what brought these men and women here? What made Ohio the rendezvous and asylum of struggling humanity of all nationalities? Liberty and free labor.

The natural wealth of Ohio.

Ohio, the child of Virginia, as she rose from her cradle, turned her back upon the precepts and examples of the mother State. The people who came here of all nationalities were bound by one common tie; they worshiped one God under different forms, and they believed in the fatherhood of God and the brotherhood of man. Here on this soil parent and child have illustrated two opposing systems of civilization. Ohio, representing the dignity of labor, believing honest labor the true foundation and passport to all real progress and greatness, has arisen like a meteor into the very zenith of the great republic. Virginia, believing that labor is degrading, that drudgery is menial and base, that capital should own labor, has stagnated and weltered, half smothered in the pool of servile labor. One of these States has prospered exceedingly; the other has been enervated, has remained prostrate, has cursed and rebelled, and at last drowned slavery in its own blood. Hand in hand, with respect for labor, has gone in Ohio what we have learned to call the American System—that is, a system of laying duties on imports so as to tax those which compete with our domestic industries. What has been the result of this? Diversified enterprise. The farmer has found at his own door a market for his productions, and the manufacturer has sold to the farmer, and American labor has found reward—not in the starving wages of the Old World, but in wages which could buy the comforts and luxuries of life.

Ohio and Virginia contrasted.

In the inexorable logic of events, twenty years ago one of these systems triumphed in the choice of a national ruler. By a clear, plain majority the people chose for President Abraham Lincoln. You may well cheer him. Lincoln was one of those who darken nations when they die. The Virginia system refused to abide by the results, and uplifted the bloody banners of revolt, plunged the country into a red sea of revolution, drenched the land with blood, burdened it with taxes, and draped it in mourning.

Revolt of the Virginia system.

Ohio sent 300,000 of her bravest and her best to tread a path over burning plow-shares—for what? In order that the great republic of human rights might not perish from the earth. The dark eclipse of war could not put out the bright torch of liberty, of free labor, of equal rights for man, and Ohio has continued to prosper—continued to prosper until she stands to-day one of the grandest, one of the freest, one of the most glorious commonwealths in human history. Her sister State of Pennsylvania, and every other State which has plied the plow, the loom and the hammer—every other State which, before God and man, has believed

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in human equality and in the dignity and the rights of free labor, which has clung to the system of protection of human industries alongside with her, has prospered also; but in the midst of all the prosperity, a harsh voice rings through the land demanding a change. . . .

A change demanded.

Is the Democratic party for free trade? No, gentlemen. On the same principle that the Democratic party will not attempt to take a knife and draw it across its throat from ear to ear, it will never dare to go through the valleys and hillsides of Ohio, and say it is for free trade.

No, sir; the sound of the trip-hammer in Pennsylvania, the hum of machinery and of all the engineering industry all over Ohio, from Lake Erie to the South, will stifle such a cry. They say they are for a tariff for revenue only. In God's name, in the bright blaze of this day, what is the sense of such a position? Here is a great debt inflicted by the rebellion, the interest on which annually we must pay; and here is an endless multitude of cripples, of mourning men, who carry an empty sleeve and men who left a leg upon the burning battlefield of the rebellion. Here is a multitude no man can number—the widows and children of those who marched in the uniform of the republic and never came back again. To all of these wards of the nation pensions are due; and the pension account, the interest account and the current expense account render it necessary for years to come to levy annually a vast total of national revenue, a large part of it to be levied by duties imposed upon the merchandise, the fabrics and the works of artisans which come from the Old World to us. Now, a tariff for revenue only, a tariff to be laid on tea and coffee, which you cannot raise in Ohio, which we cannot raise in any zone in which our country lies; a tariff to be laid on these things, and then iron and wool and agricultural implements and the things which we can make and do make to come in here free from tax, in order that every laboring man in the United States may be put down on the level with the debased and pauper labor of Europe.

Revenue for pensions necessary.

Now, fellow-citizens, I am going to leave you. I am going on. This is an easy and restful and comfortable place, to one better able than I to occupy it. Before I conclude, however, I wish to remind you that Napoleon said to his soldiers in Egypt, that from these pyramids forty centuries back look down upon you. I tell you that all the centuries look down upon this great republic from the buried ages of the past, from the tombs of nationalities that have gone down in darkness and in blood, from every clime where human rights are trodden under foot, from the Old World, from distant China and Japan, from underneath every sun beneath whose beams humanity struggles, there comes a prayer and a hope for us.

Napoleon in Egypt.

It is not that we may fight. The world has seen us fight. No nation in Christendom will ever seek a quarrel with you. The men who carried the starry banner from the St. Lawrence to the Gulf, the battles which were fought, the display which was made of the terrible engines of war, satisfied every people, from the rising of the sun even unto the going down of the same, that when they seek a quarrel, the republic of America will not be the nation with whom to seek it.

Will not seek war with America.

The centuries which have gone, the humanity which struggles and prays for the right of free self-government which we enjoy, does not pray that we may exhibit more military power, but it prays that we may have peace and order, that we may pursue, as a band of brothers with common ties, a common nationality with a civilization broad enough to embrace all ages and all races—that we may pursue that career which stretches out before us, and which, pursued, will give to America a career of prosperity and of grandeur, of primacy and of glory, never approached by any of the empires of the earth.

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At Terre Haute, Indiana, Mr. Conkling at the close of his speech made the following reference to protection:

Protection for coal and iron.

Why should you take the tariff off of iron and put it on tea and coffee? Here you have the coal fields of Indiana—a variety of coal, and excellent for all purposes, including iron-making—and you bring the iron from the metal mines of Lake Superior and the Iron Mountain in Missouri, and the moment that iron and your coal touch each other, as if by magic, enormous wealth is evolved. A protective tariff on iron fosters and promotes that interest. But the Democrats say that they are opposed to a protective tariff. They are for a tariff for revenue only. And what does that mean? It means, carried to its logical conclusion, that every laboring man in Indiana and throughout the country is to be reduced to a level, as to wages, with the starved and oppressed, the pauper labor of the Old World.

The tariff the chief issue.

Before the close of the campaign the tariff question became the chief issue. Mr. Garfield defended the policy of protection in numerous speeches made on his trip from Ohio to New York and return. Mr. Blaine, a brilliant advocate of a protective tariff, was equally active in its defence. The Republican candidates were elected and protection again sustained.

The press in the campaign of 1880.

At no time since the war has the Republican press of the country exerted a more potent influence in awakening and molding public sentiment than it did in the campaign of 1880. In every city and in nearly every village throughout the Northern States there had been established, since the organization of the Republican party in 1856, newspapers owned and edited by able, learned and patriotic men who on every occasion when the vital interests of the nation were assailed, in their daily and weekly editorials, supported and defended the great principles of the Republican party; exposed the errors and vicious purposes of its adversaries, and preserved among the people an enlightened public sentiment and a clear conception of political principles and issues. In those days the people voted for principles rather than for men.

The assassination of President Garfield a few months after his inauguration placed Chester A. Arthur in the executive chair. While President Arthur had not been conspicuous as an advocate of the principles of protection, he was a lifelong Republican pledged and committed to its principles and policies. He was reared and trained in that school of American politics which taught that it was the duty of a person elevated to the high station of the Chief Executive of the Republic in good faith to endeavor to have inaugurated and made effectual those principles and policies which were approved by the constitutional majority of the people who had placed him at the head of the nation. Hence, the

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industrial interests of the country felt as secure with President Arthur at the helm as they would have felt if the most pronounced protectionist in the country had been elected. The triumph of the Republican party at this time so strengthened the sentiment of the people in favor of the protective policy that during the succeeding twelve years capitalists enetered with renewed vigor and confidence upon the work of developing and extending the business and industrial enterprises of the country.

President Arthur and protection.

The chief arguments urged against the protective policy at this time were:

(1) That under the existing tariff laws a large surplus drawn from the people, was being accumulated in the treasury, which, by a reduction of duties, would be released and employed in the promotion of business enterprises.

Arguments against protection.

(2) That the country was suffering from overproduction, or that the productive capacity of the American people was so largely in excess of their powers of consumption that a foreign market or outlet was necessary in order that labor might be more fully employed and that the industrial development of the United States could best be promoted by an exchange of our domestic productions for the manufactures of foreign countries.

The evils of a large surplus and the benefits to be derived from an extensive foreign trade were made conspicuous topics in the discussion of the tariff question by the free traders, when in fact their real purpose was not so much to secure an increase of the exports of the United States as to increase the importation of foreign-made articles.

The surplus could be reduced and all evils which might arise from it cured, as was subsequently done by the enactment of the McKinley bill in 1890, without removing the barriers of protection to our industries. The foreign market argument, as has been demonstrated over and over again, was a mere sham and subterfuge put forth to deceive and mislead the people.

That there was room for a revision of the tariff at this time on sound protective lines for the purpose of reducing revenues, correcting inequalities and perfecting some of the protective features of the existing laws, was recognized by the Republican party. A revision was, therefore, undertaken, but not, however, to be accomplished until the most thorough investigation of existing conditions could be had.

Reduction of revenues necessary.

It had been the policy of the Republican party, as the national debt was reduced to abate unnecessary duties on imports and internal revenue taxes, so that the tariff policy of the country would harmonize with the principles of protection. Specie payments were resumed, business had been gradually improving for two years and imports were in-

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The growing surplus.

creasing. In 1880 the surplus in the treasury after paying all expenses and interest on the public debt was $65,883,000, and in the following year it reached $100,069,000. The receipts from customs had increased from $157,200,000 in 1875 to $198,200,000 in 1881, and internal revenues from $110,000,000 in 1875 to $135,300,000 in 1881. It was conceded by all that the surplus in the treasury should be reduced. But how was this to be accomplished? The Democratic party demanded a return to the tariff for revenue only policy of 1846, or free trade, while the Republican party favored the preservation of the protective principles. The tariff controversy was reopened and did not abate until the people were given a trial of the policy under the Gorman-Wilson bill from 1894 to 1897.

The Republican majority decided that the most thorough investigation of the whole subject should be made before existing schedules should be changed and a bill for the creation of a tariff commission was, therefore, introduced early in the session of Congress which convened in December, 1881. In a speech delivered by Justin S. Morrill of Vermont on December 8, 1881, it was made clear that the Republican party was firmly committed to a continuance of the protective policy. Mr. Morrill, in part, said:

Mr. Morrill on revision.

I have brought this subject to the early attention of the Senate because, if early legislative action on the tariff is to be had, obviously the measure proposed by Senator Eaton passed at the last session of the Senate is a wise and indispensable preliminary, which cannot be started too soon. The essential information needed concerns important interests, vast in number and overspreading every nook and corner of our country; and when made available by the ingathering and collocation of all the related facts, will secure the earliest attention of Congress, as well as the trust and confidence of the country, and save the appropriate committees of both Houses weeks and months of irksome labor—possibly save them also from some blunders and from final defeat.

An enlargement of the free list, essential reductions and readjustments of rates, are to be fully considered, and some errors of conflicting codifications corrected.

Just and friendly hands should revise.

If a general revision of the Bible seems to have been called for, it is hardly to be wondered at that some revision of our revenue laws should be invited. But changes in the frame-work of a law that has had more of stability than any other of its kind in our history, and from which an unexampled growth of varied industries has risen up, should be made with much circumspection, after deliberate consideration, by just and friendly hands, and not by ill-informed and reckless revolutionists. When our recent great army was disbanded, war taxes were also largely dismissed, and we have now, and certainly shall have hereafter, no unlimited margin for slashing experiments.

The Tariff of 1861.

The tariff act of 1861, which, by a nickname given by baffled opponents as an

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echo to a name so humble as my own, it was perhaps hoped to render odious, was yet approved by a Democratic President, and gave to Mr. Buchanan a much-needed opportunity to perform at least one official act approved by the people.

If I refer to this measure, it will not be egotistically nor to shirk responsibility, but only in defence of those who aided its passage—such as the never-to-be-forgotten Henry Winter Davis, Thad. Stevens and William A. Howard, and, let me add, the names of Fessenden and Crittenden—and without the parliamentary skill of one [Mr. Sherman] now a member of this body, its success would not have been made certain.

And yet this so-called "Morrill tariff," hooted at as a "Chinese wall" that was to shut out both commerce and revenue, notwithstanding amendments subsequently piled and patched upon it at every fresh demand during the war, but retaining its vertebrae and all of its specific characteristics, has been as a financial measure an unprecedented success in spite of its supposed patronymical incumbrance. Transforming ad valorem duties into specific, then averaging but 25 per cent upon the invoice values, imposing much higher rates upon luxuries than upon necessaries, and introducing compound duties upon woolens, justly compensatory for the duties on wool, it has secured all the revenue anticipated, or $198,159,676 in 1881 against $53,187,511 in 1860, and our total trade, exports and imports, in 1860, of $687,192,176, appears to have expanded in 1880 to $1,613,770,633, with a grand excess of exports in our favor of $167,683,912, and an excess in 1881 of $259,726,254, while it was $20,040,062 against us in 1860. A great reduction of the public debt has followed, and the interest charge has fallen from $143,781,591 in 1867 to about $60,500,000 at the present time.

Reduction of the public debt.

If such a result is not a practical demonstration of healthy intrinsic merits, when both revenue and commerce increase in a much greater ratio than population, what is it? Our imports in the past two years have been further brilliantly embellished by $167,060,041 of gold and silver coin and bullion, while retaining in addition all of our own immense domestic productions; and it was this only which enabled us to resume and to maintain specie payments. Let the contrast of 1860 be also borne in mind, when the excess of our exports of gold and silver was $57,996,004.

As a protective measure this tariff, with all its increasing amendments, has proven more satisfactory to the people and to various industries of the country than any other on record. The jury of the country has so recorded its verdict. Agriculture has made immense strides forward. The recent exports of food products, though never larger, is not equal by twenty-fold to home consumption, and prices are everywhere more remunerative, agricultural products being higher and manufactures lower. Of wheat, corn and oats there was produced 1,184,540,849 bushels in 1860, but in 1880 the crop had swelled to 2,622,200,030 bushels, or had much more than doubled. Since 1860 lands in many of the Western States have risen from 100 to 175 per cent. The production of rice, during the same time, rose from 11,000,000 pounds to 117,000,000. The fires of the tall chimneys have everywhere been lighted up; and while we made only 987,559 tons of pig iron in 1860, in 1880 we made 4,295,414 tons; and of railroad iron the increase was from 235,107 tons to 1,461,837 tons. In twenty years the production of salt rose from 12,717,200 bushels to 29,800,298 bushels. No previous crop of cotton equalled the 4,861,000 bales of 1860; but the crop of 1880 was larger, and that of 1881 is reported at 6,606,000 bales. The yield of cotton from 1865 to 1881 shows an increase over the fifteen years from 1845 to 1861 of 14,029,000 bales, or almost an average gain of a million bales a year.

Vast increase in staple products.

The giant water-wheels have revolved more briskly, showing the manufacture

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of 1,797,000 bales of cotton in 1880 against only 979,000 bales in 1860, and this brought up the price of raw cotton to higher figures than in 1860. Thirteen States and one Territory produced cotton, but its manufacture spreads over thirty States and one Territory. The census of cotton manufacture shows:

	1860.	1880.
Capital invested	$ 98,585,269	$207,781,868
Number of operatives	122,028	175,187
Wages paid	23,940,108	41,921,106
Value of productions	115,681,774	192,773,960

It will be found that a larger amount of capital has been invested in cotton mills than in woolen, and that the increase of productions has been large and healthy, a very handsome proportion of which is to be credited to Southern States. Goods of many descriptions have also been cheapened in price. Standard prints or calicoes which sold in 1860 for nine and one-half cents per yard now sell for six and one-half cents.

The census returns of woolen manufactures show the following astonishing results:

	Census of 1880.	Census of 1860.
Males employed	74,367	24,841
Females employed	65,261	16,519
Capital invested	$155,454,105	$ 30,862,654
Wages paid	47,115,614	9,808,254
Value raw material consumed	162,609,436	36,586,887
Value of annual product	265,684,796	61,895,217
Importations of woolens	33,613,897	37,876,945
Annual production of wool lbs	264,500,000	60,511,343

It thus appears, that while the number of hands employed is three times and a half larger than in 1860, the wages paid is about five times larger and the capital is five times greater. The annual productions have been more than quadrupled, and the aggregate importations have fallen off four millions. With these results in our front, protection on wool and woolens will be likely to withstand the hand-grenades of all free trade besiegers.

Fall in prices.

In New England and some other States sheep husbandry has fallen off, and in some places it has been replaced by the dairy business; but in other States the wool-clip has largely increased, especially has the weight of the fleece increased. The number of sheep has increased about 80 per cent, and the weight of wool over 400 per cent. The discovery that the fine long merino wools, known as the American merino, are in fact the best of combing wools and now used in many styles of dress goods, has added greatly to their demand and value. Many kinds of woolen goods can be had at a less price than twenty years ago. Cashmerets that then brought forty-six cents per yard, brought only thirty-eight and one-fourth cents in 1880, and muslin delaines dropped from twenty cents to fifteen, showing that the tariff did not make them dearer, but that American competition caused a reduction of prices.

The length of our railroads has been trebled, rising from 31,185 miles in 1860 to 94,000 miles in 1881, and possibly to one-half of all in the world. For commercial purposes the wide area of our country has been compressed within

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narrow limits, and transportation in time and expense, from New York to Kansas, or from Chicago to Baltimore, is now less formidable than it was from Albany or Pittsburgh to Philadelphia prior to the era of railroads. The most distant States reach the same markets, and are no longer neighbors-in-law, but sister States. The cost of eastern and western bound freight is less than one-third of former rates. Workingmen, including every shipload of emigrants, have found acceptable employment. Our aggregate wealth in 1860 was $19,089,156,289, but is estimated to have advanced in 1880 to over forty billions. Further examination will show that the United States are steadily increasing in wealth, and increasing, too, much more rapidly than free trade England, notwithstanding all her early advantages of practical experience and her supremacy in accumulated capital. The increase of wealth in France is twice as rapid as in England, but in the United States it is more rapid than even in France.

Freights lessened.

These are monumental facts, and they can no more be blinked out of sight than the Alleghanies or the Rocky Mountains. They belong to our country and sufficiently illustrate its progress and vindicate the tariff of 1861. If the facts cannot be denied, the argument remains irrefutable. If the royal "cowboys" who attempted to whistle down American independence one hundred years ago ingloriously failed, so it may be hoped will fail royal trumpeters of free trade who seem to take sides against the United States in all commercial contests for industrial independence.

Industries stimulated.

Among the branches of manufactures absolutely waked into life by the tariff of 1861, and which then had no place above zero, may be named crockery and chinaware. The number of whiteware factories is now fifty-three, with forty decorating establishments; and the products, amounting to several millions, are sold at prices 25 to 50 per cent below the prevailing prices of twenty years ago. Clay and kaolin equal to the best China have been found East, West and South in such abundance as to promise a large extension of American enterprise, not only in ordinary but in the highest branches of ceramic art. Steel may also here claim its birth. No more of all sorts than 11,838 tons were made in 1860, but 1,397,015 tons were made in 1880. Those who objected to a duty on steel have found they were biting something more than a file. Silks in 1860, hardly unwound from the cocoon, were creeping along with only a small showing of sewing silk, and a few trimmings, but now this industry rises to national importance, furnishing apt employment to many thousand women as well as to men; and the annual products, sharply competing with even the Bonnet silks of Lyons, amount to the round sum of $34,500,000. Notwithstanding the exceptionally heavy duties, I am assured that silk goods in general are sold for 25 per cent less than they were twenty years ago.

Plate glass is another notable manufacture requiring great scientific and mechanical skill and large capital, whose origin bears date since the tariff of 1861. It is made in Missouri and Indiana, and to a small extent in Kentucky and Massachusetts; but in Indiana it is made of the purest and best quality, by an establishment which, after surmounting many perils, has now few equals in the magnitude or perfection of its productions, whether on this or the other side of the Atlantic, and richly merits not only the favor but patronage of the government itself. Copper is another industry upon which a specific duty was imposed in 1861, which has had a rapid growth, and now makes a large contribution to our mineral wealth. The amount produced in 1860 was less than one-fifth of the present production, and valued at $2,288,182; while in 1880 the production rose to the value of $8,849,961. The capital invested increased from $8,525,500 to $31,675,096. In 1860 the United States Mint paid from twenty-three and one-half to twenty-five cents per

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pound for copper; but had obtained it the present year under a protective tariff as low as seventeen cents. Like our mines of inexhaustible coal and iron, copper is found in many States, some of it superior to any in the world, and for special uses is constantly sought after by foreign governments.

Many American productions the best in the world.

Many American productions sustain the character they have won by being the best in the world. Our carpenters and joiners cannot be hired to handle any other than American tools; and there are no foreign agricultural implements, from a spade to a reaper, that an American farmer would accept as a gift. There is no saddlery hardware nor house-furnishing, equal in quality and style to American. Watches and jewelry and the electric gold and silver plated ware of American workmanship as to quality have the foremost place in the marts of the world. The superiority of our staple cotton goods is indisputable, as is proven by the tribute of frequent counterfeits displayed abroad. The city of Philadelphia alone makes many better carpets and more in quantity than the whole of Great Britain. These are notable achievements, which should neither be obscured nor lost by the sinister handling and industrious vituperation of free trade monographists.

The vast array of important and useful inventions recorded in our Patent Office, and in use the world over, shows that it is hardly arrogance for us to accept the compliment of Mr. Cobden and claim that the natural mechanical genius of average Americans will soon appear as much superior to that of Englishmen, as was that of Englishmen one hundred years ago to that of the Dutch.

The Tariff Shielded Us in 1873.

If we had been under the banner of free trade in 1873 when the wide-spread financial storm struck our sails, what would have been our fate? Is it not apparent that our people would have been stranded on a lee shore, and that the general over-production and excess of unsold merchandise everywhere abroad would have come without hindrance, with the swiftness of the winds, to find a market here at any price? As it was the gloom and suffering here was very great, but American workingmen found some shelter in their home markets, and their recovery from the shock was much earlier assured than that of those who in addition to their own calamities, had also to bear the pressure of hard times of other nations.

Exports exceed imports; specie payments made easy.

In six years, ending June 30, 1881, our exports of merchandise exceeded imports by over $1,175,000,000—a large sum in itself, largely increasing our stock of gold, filling the pockets of the people with more than two hundred and fifty millions not found in the treasury or banks, making the return to specie payments easy, and arresting the painful drain of interest so long paid abroad. It is also a very conclusive refutation of the wild free trade chimeras that exports are dependent upon imports, and that comparatively high duties are invariably less productive of revenue than low duties. The pertinent question arises, shall we not in the main hold fast to the blessings we have? As Americans we must reject free trade. To use some words of Burke upon another subject: "If it be a panacea we do not want it. We know the consequences of unnecessary physic. If it be a plague, it is such a plague that the precaution of the most severe quarantine ought to be established against it."

On May 15, 1882, Congress passed an act directing the Persident to appoint nine commissioners from civil life, of which the first named should be chairman, whose duty it should be to

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"take into consideration and to thoroughly investigate the various questions relating to the agricultural, commercial, mercantile, manufacturing, mining and industrial interests of the United States, so far as the same may be necessary to the establishment of a judicious tariff, or a revision of the existing tariff, upon a scale of justice to all interests, and for the purpose of fully examining the matters which may come before it. Said commission, in the prosecution of its inquiries, is empowered to visit such different portions and sections of the country as it may deem advisable."

Tariff commission appointed.

The commission was required to report to Congress the result of its considerations and investigations, together with the testimony taken before it, not later than the first Monday of December, 1882. The President appointed as such commissioners, John L. Hayes of Massachusetts (chairman), Henry W. Oliver, Jr., of Pennsylvania; A. M. Garland, of Illinois; J. A. Ambler, of Ohio; Robert P. Porter, of the District of Columbia; J. W. H. Underwood, of Georgia; Alexander R. Boteler, of West Virginia; Duncan F. Kenner, of Louisiana, and William H. McMahon, of New York, the last named being an experienced customs officer who died, however, before the report was made. The commission convened in the city of Washington on July 6, 1882, and began its hearings, thereafter holding a prolonged session in the city of New York and visiting the principal cities of the United States. It called before it and examined economists, financiers, manufacturers, importers and many persons who had suggestions to make or information to offer on the subject. It examined 604 witnesses, sat 78 days and took 2625 pages of printed evidence. Its final report was made to Congress on the first Monday of December, 1882, as required. Accompanying the report, a tariff bill prepared by the commission was submitted. The report contains an overwhelming mass of statistical information and facts drawn from the experience of the people in support of the protective policy. Every industry was carefully investigated; the growth of industries and the influence of protective duties on their establishment, development and prosperity were fully inquired into, as were also the rates of wages paid to labor, the extent to which labor had been employed, the condition of the agriculturists, the extent of the home market, and the prices of commodities. At these hearings nothing new was developed by the free traders. In fact, in order to fix tariff duties, the enemies of the protective system have never required or demanded information as to the state of industries or rates of wages. The only feature of the question which becomes important to them in adjusting and fixing the rates of duties is the amount of revenue that is necessary to be raised for the support of the goverment. This ascertained, it is theoretically an easy matter to fix the duties so low that sufficient goods will be imported to furnish the necessary customs revenues. The majority of the tariff com-

Work of the commission.

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mission on the other hand, endeavored to ascertain whether or not the rates of existing duties were higher than were necessary to afford adequate protection, or whether they were sufficient for that purpose. Having reached its conclusion, the commission prepared and presented with its report a new tariff bill which increased the duties on some articles and reduced them on others, the aim of the majority, from its standpoint, being to maintain the integrity of the protective policy. With some amendments, the act as framed by the commission passed the House and went to the Senate, where many amendments to it were adopted; but the bill, as finally passed, was the work of a conference committee, consisting of Messrs. Kelley of Pennsylvania, McKinley of Ohio, Haskell of Kansas, Carlisle of Kentucky and Spear of Georgia, representing the House, and Messrs. Morrill of Vermont, Sherman of Ohio, Aldrich of Rhode Island, McDill of Iowa and Mahone of Virginia, representing the Senate. The report of the conferees was concurred in on March 3, 1883, by a vote of 42 yeas to 31 nays in the Senate and 152 yeas to 116 nays in the House. The act was approved March 3, 1883, and became operative on the first day of July following.

Act revising tariff approved.

The report of the Conference Committee was exceedingly unsatisfactory to some of the most consistent and devoted protectionists, among whom was William McKinley of Ohio. Mr. McKinley first attracted the attention of the great protectionists of the country by his speech delivered in Congress on April 15, 1878, against the Wood tariff bill. As Robert P. Porter said [1]

> There is nothing in his speech on the Wood tariff bill, delivered seventeen years ago, that could not be published as his platform of principles to-day. It is not meant by this that the man himself has not broadened in that period and that his speeches have not immeasurably improved. It means, however, that he opposed the Wood tariff bill because of a strong conviction that the proposed measure would, if it had been enacted, have been nothing short of a public calamity.

McKinley as a protectionist.

McKinley had favored the creation of a tariff commission, a full investigation into the subject and a revision of existing laws in harmony with the principles of protection. When the bill as agreed upon by the Conference Committee was reported to the House it contained so many radical reductions of duties, especially in the woolen and cotton schedules, that Mr. McKinley voted against the adoption of the report. When, however, it received the approval of the majority of his party he voted for the bill on its final passage. The speeches delivered by Mr. McKinley in 1878 and 1883 arrested the attention of the entire country and placed him among the most able, devoted and best-informed advocates of the protective policy in America.

[1] Life of McKinley, 1895.

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"Judge Kelley," says Mr. Porter, "recognized the rising statesman, and over and over again he reiterated the fact that McKinley had distanced all his colleagues in mastering the details of the tariff." Referring to the debate on the tariff bill of 1883, Mr. Porter says:

It was upon this occasion that McKinley planted so firmly the protective barriers upon the ramparts of the Republican party. He then and there took the ground that the farmers, for whose special interest the Democratic party assumed to speak, did not ask for the reduction of tariff; that they wanted to produce and wanted the laboring men in the factories to consume their productions and pay a good price for them. The farmers, he declared, have no desire to break down manufacturing and transfer the vast army of men who are consumers and who work in the shops to the ranks of producers to become competitors with them.

McKinley's remarks on the tariff bill of 1883 read, in the light of events, more like a prophecy than a political speech. He foretold precisely what happened ten years later, and had these words been heeded at the time we would have had no object lesson costing the country a sum equivalent to the price of the civil war.

William McKinley was on all occasions the champion of the interests of the American farmer, the American manufacturer, and the American laborer. At the close of a speech delivered at Atlanta, Georgia, on August 21, 1881, he said:

McKinley at Atlanta.

Upon what terms can we adopt a revenue tariff system in this country? In one way only: by accepting European conditions, and submitting to all the discomforts and disadvantages of our commercial rivals. The chief obstruction in the way of a revenue tariff is the wages paid American workingmen, and any return to that policy involves a reduction of the cost of labor. We cannot afford, Mr. President, to have cheap labor in the United States. Cheap labor means cheap men and dear money. I would rather elevate and improve the condition of my fellow-citizens than increase the value of money and the power of "money-bags." This is a republic of free and equal citizenship. The government is in the hands of the masses, and not of the few. This is our boast, and it is a proud one. The condition of the masses, their well-being, their intelligence, their preparation for the civil duties which rest upon them, depend largely upon the scale of industrial wages. It is essential, therefore, that the best possible wages attainable shall be secured and maintained. This is vital and fundamental. We cannot without grave danger and serious disturbance—we ought not under any circumstances—adopt a policy which would scale down the wages and diminish the comforts of the American workingmen. Their welfare and independence, their progress and elevation, are closely related to the welfare and independence and progress of the republic. We have got no pampered class in this country, and we want none. We want the field kept open. No narrowing of the avenues; no lowering of our standard. We want no barriers raised against a higher and better civilization. The gateway of opportunity must be open to all, to the end that they may be the first who deserve to be first, whether born in poverty or reared in luxury. We do not want the masses excluded from competing for the first rank among their countrymen and for the nation's greatest honors, and we do not mean they shall be.

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Free trade, or a revenue tariff, will of necessity shut them out. It has no respect for labor. It holds it as the mere machinery of capital. It would have cheap men that it might have cheap merchandise. With all of its boasted love for the struggling millions, it is infinitely more interested in cutting down the wages of labor than in saving twenty-five cents on a blanket; more intent in reducing the purchasing power of a man's labor than the cost of his coat. Things are not always dearest when their price is nominally the highest. The price is not the only measure, but the wherewith to buy it is an essential factor. Few men before me but have found in the course of their lives more than once that that which was cheapest when measured by mere price was the dearest when they were without money and employment, or when their products could find no market, and, finding it, commanded no price at all commensurate with the labor required to produce them. Primarily, it is labor which is interested most in this question of protection. The man with money can seek other avenues of profit and investment, or can wait for his dividends, but the laborer cannot wait for his dinner, and the United States do not want the citizens who make Presidents and Senates and the House of Representatives to be in a condition of dependence and destitution. That is not the sort of citizenship we want.

Democratic dissatisfaction with the Law of 1883.

The bill was unsatisfactory to the Democratic party. It accomplished nothing for which the free traders were contending. Instead of allaying opposition to the protective policy, the concessions made, the fact that certain Republicans yielded to the clamor for a downward revision, incited the opposition to renewed and greater activity. The operation of the measure during the seven years which followed demonstrated that many duties had been reduced below the protective point. This was proven by increasing imports. The mistakes made by Congress in framing the act of March 3, 1883, were attempted to be remedied by the enactment of the McKinley bill of 1890.

It was thought by protectionists that if concessions were made, even at a sacrifice, the tariff agitation would cease for years to come. In fact, it was a general belief that the bill of the Tariff Commission if accepted would stand for at least twenty years. Consequently the changes were made. The duties on pottery, glass, cotton fabrics, on many forms of iron and upon agricultural products were lowered beyond the point of safety. Moreover, such changes were made in the wool and woolen schedule as to affect those industries most disastrously. And here is to be seen the insidious craftiness of the Cobdenites and their American allies. In 1883, as in 1888 and 1894, the fiercest part of the battle was waged against our wool and woolen interests. In the wool industry an entering wedge was inserted and that wedge proved very injurious. In 1867, when the protective wool tariff went into effect, we had 39,385,386 sheep. In 1884 they numbered 50,626,626, the highest number this country had ever known. But the effect of the tariff of 1883 was such as to reduce the number to 42,599,079 in 1889. The true measure of the growth of the wool industry, however, is not so much the number of sheep

Act of 1883 reduced sheep.

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as the amount of fleece. The number of pounds of wool grown in 1867 was 160,000,000. In 1884 it had increased to 300,000,000 pounds, but had fallen off again to 265,000,000 pounds in 1889. These figures most vividly illustrate the workings of the tariff in wool production.

The horizontal tariff bill.

With adequate protection we would soon have 100,000,000 sheep and grow every pound of wool we need. "But," says the free trader, "we can't grow all kinds. It is necessary to import a certain quantity of the finer wools, and we should not tax that when by importing it free, it would give increased employment to laborers in our woolen mills and cheaper clothing to all." This fallacy has been exploded many times.

The Morrison Tariff Bill.

The Congressional elections of 1882 returned a clear Democratic majority of almost 80 in the House of Representatives. The Senate, however, which had been evenly divided between the two parties at the last session, now contained a majority of four Republicans. Nevertheless, on March 11, 1884, William R. Morrison of Illinois, the Democratic chairman of the Ways and Means Committee, reported a bill providing for a horizontal reduction of 20 per cent on existing duties. It further provided that no cotton goods should be subject to a duty greater than 40 per cent, no woolen goods in excess of 60 per cent and no metals above 50 per cent. It provided, further, that no duty should fall below the rate provided by the Morrill Act of 1861. Lumber, coal and salt were to be placed on the free list, and the schedules of duties relating to silk goods and liquors were not to be changed. The motion made by Mr. Morrison on April 15, that the House as a committee of the whole take up the consideration of the bill, was carried by six majority—144 yeas to 138 nays. On May 6, upon motion of Mr. Converse of Ohio, the enacting clause of the bill was stricken out by a vote of 156 to 151. Forty-one Democrats, led by Samuel J. Randall of Pennsylvania, voted against the bill; while only four Republicans voted for it. Although the bill presented for consideration the plan for a horizontal reduction, the debate on the measure covered the entire field of controversy between the two parties. It was in the debate on this bill that William McKinley, on April 30, 1884, raised himself to the leadership of the protectionist forces in America.

Mr. McKinley attacks the bill.

Mr. McKinley, after attacking the horizontal method of reducing the tariff, proceeded to analyze its provisions and prove the lack of care and skill in its preparation. He demonstrated how the bill was too ambiguous for a public law; that many of its provisions were incapable of execution, and that it contained numerous inconsistent and conflicting provisions. But these were mere trifling objections compared to the purpose which it

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was attempted to accomplish by its enactment. McKinley understood that it was simply an entering wedge for the overthrow of the entire protective system, and said:

So that before we enter fully upon the discussion of this particular measure we might as well understand that this is but the first assault, which is to be followed by a succession of assaults, to the total overthrow of the protective system; and that the fight we now make is not against this bill only, but is directed as well against that which will surely follow if we permit this incipient step to be taken. This apprehension is fully justified by the report of the majority and by the utterances of the advocates of the bill, who do not hesitate to say that this is only "a measure of partial relief." "It is," says the chairman of the Committee on Ways and Means, "but an advance toward a more complete revenue reform." "It is," says the gentleman from New York [Mr. Hewitt], "a step in the right direction, but it does not go far enough. It does not touch the heart of the question. It is the entering wedge." While my friend from Texas [Mr. Wellborn], who concluded his speech a moment ago, declared this was the initial step which doomed protection.

This is notice of Democratic purpose without cover or concealment, and the friends of protection therefore know what this bill means. The issue is made up. The gage of battle is thrown down—we cheerfully take it up, and appeal to the people, whose servants we are and to whose will, legally expressed, we will give cordial acquiescence.

Replying to the assertion that a revision of the tariff was demanded by public sentiment, McKinley said:

No reduction demanded.

The gentleman from Texas [Mr. Mills] is greatly mistaken in the opening of his speech on the 15th, when he declared the demand for a reduction of duties upon imports was universal throughout the United States. He omitted to state from what source he derived his information and from what quarter this demand came. I have been unable to find a single petition presented to this House or referred to the Committee on Ways and Means by the House suggesting, much less demanding, the reduction of import duties proposed by this bill, or any other reduction of customs duties. On the contrary, the petitions have been uniformly in opposition to the enactment of this measure.

I have been unable to find any sentiment in the United States, except in the utterances of the Democratic majority in this House, and outside of the city of my distinguished friend [Mr. Dorsheimer] who sits before me, being the free trade clubs of his and the neighboring city of Brooklyn, any sentiment in favor of the passage of this bill. There is where it exists, and it is a remarkable fact that that class of gentlemen "neither sow nor reap, and do not gather into barns."

Mr. KASSON. And the lilies?

Mr. McKINLEY. Yes, the lilies. "They are like the lilies of the field; they toil not, neither do they spin."

They have fixed incomes, belong to the independent and wealthy classes, who now buy most of their goods abroad and hope to buy them cheaper if the duties are reduced.

England is more concerned to-day for the passage of this bill than any citizen or class of citizens of the United States, unless it be the importers. She is watch-

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ing with the deepest concern the progress of this bill, and she does not refrain from saying that if it becomes a law it will put money into the pockets of her manufacturers. She does not hesitate to declare that from selfish motives she wants the full success of the Democratic party in this measure.

They want this market. It is the best in the world. They cannot get it wholly while our tariff remains as at present. They cannot get it so long as our manufactures can be maintained. They must be destroyed, their fires must be put out, and this Congress is to-day engaged in an effort to help England, not America, to build up English manufacturers at the expense of our own.

England wants our market.

Democratic Triumph a Victory for England.

The foreign manufacturers do not conceal their deep interest in the success of the Democratic party. They do not conceal the reason for such interest. It is because the party stands for a doctrine which will break down American competition and open up the market of this great nation to the products of English skill, English labor and English capital. Why, sir, they saw the first glimpses of the realization of their theories in the elections throughout this country last fall. They heralded as the dawning victory for free trade the triumph of that sentiment in the organization of this House in December last. That victory was welcomed everywhere upon the other side and by the importers on this. There was not a manufacturer in England who did not see in that overwhelming defeat of the protection sentiment in the Democratic party, in the setting aside of one of its oldest and most trusted leaders, gain and prosperity to him, distress and loss to his American competitors. They rejoiced and were made glad.

Importers Celebrate Democratic Victories.

One firm of importers celebrated that free trade victory by christening a line of English goods with the significant trade-mark, "The Carlisle shape," and published it as "the coming thing," named in honor of Speaker Carlisle, to whom the country looked to reduce the present outrageous tariff on crockery. This Democratic House is now employed in the direction of this suggestion under the leadership of my distinguished friend, Mr. Morrison. This line of goods named for one of the ablest and purest Democrats in the House or the country comes from his representative capacity. He stands at the head of a great political organization committed to the English system, which all England believes will increase her prosperity and enrich her manufacturers.

"The Carlisle shape."

These goods, made in a foreign pottery with foreign materials, foreign labor and foreign capital, are fittingly crowned with the head of the British lion. Pass this bill and you will all have shapes and be honored with like manifestations of approval.

Mr. McKinley showed that a home market is best for the farmers and that a low tariff is destructive of the agricultural interests. He said:

We forget in all our discussions the growth of the population of the United States. We forget that about every twenty years a nation of people come to our shores, whose labor we employ and whose wants we supply. Our population in the last fourteen years has increased fully 17,000,000—half of the entire population of Austria, three times the population of Belgium, 70 per cent more than the entire population of Brazil, equaling the population of Egypt, and one-half of the popula-

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tion of Great Britain and Ireland. These become the consumers of the products of the farm and increase them, and enlarge our market. They are the best customers and the most certain and reliable.

The farmer and the home market.

The farmer is best off with a home market. The farmer himself knows this, and no amount of rhetoric can deceive him. The gentleman from New York [Mr. Hewitt], himself a practical business man, recognizes it. The fathers of the republic saw it and proclaimed it. We can only have a profitable home market by encouraging manufacturing industries. "Plant the forge by the farm" is the old doctrine, and it is as true now as it was when uttered.

I was glad, too, to find my colleague conceding, as he did, "that it is the American manufacturer who makes the market for the American farmers, and just as he is prosperous or depressed is the price of wool high or low," and the same must be true of every product of the farm. So that, if we would bring prosperity to the American wool-grower and the American farmer, we must foster and encourage and maintain our woolen and other manufactures at all hazards, and this can only be done by adequate duties levied upon foreign goods which compete with our own manufactures. Free trade or a revenue tariff will glut this market with foreign woolens made by foreign labor cheaper than our own, and the effect will be to break down our woolen factories which "make the market for our own farmers." This is the proposition of the Morrison bill, plain and simple, or else this market will be overcrowded with foreign wools admitted at low duty, the effect of which will be to force ruinous prices upon our own producers and eventually destroy this valuable production in the United States.

Wool growers and manufacturers stand or fall together.

I warn you that every assault made upon the woolen manufacturer, no matter how slight, is directed alike at the wool-grower. You can not cripple the one without diminishing the value of the other. The woolen manufacturers do not want free wool. They so declared before the Ways and Means Committee. They require our wools, and it will be to their serious disadvantage to curtail the production in the United States. The wool-growers do not want woolen goods to come into this country free of duty. They want a market. They know that when the manufacturer thrives the price of wool is good and firm.

Agriculture and Manufactures Essential to Each Other.

Agriculture and manufactures should go hand in hand; the one enriches the other, the one trades with the other—they are mutually dependent one upon the other. There is no conflict of interest. Agriculture increases in its products and its wealth with the growth and increase of manufactures. Prices are better, steadier and more reliable to the farmer with prosperous manufacturing industries employing labor which consumes and does not compete with his products. Impair or destroy our ability to manufacture, strike down any of our great manufactures, and the farmer would be the first to seriously feel the loss. Dismiss the army of operatives from the workshops and send them to the great unoccupied and fertile lands of the West, and the farmer would not only lose just so many consumers or customers but, more than that, he would find them as his competitors in the field of production.

In conclusion Mr. McKinley said:

Every one of the leading industries of the country will be injuriously affected by this proposed change, and no man can predict the extent of it. Cottons and

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woolens, the producers of wool, iron, steel and glass must suffer disastrously if this bill is enacted into law, and the proprietors of these establishments are neither robbers nor highwaymen, as the free traders love to characterize them. They have been real benefactors, and while some of them have grown opulent, in the main they do not represent the rich classes of the country. Their entire capital is in active employment. Many of them are large borrowers. Your proposed action will affect the value of their invested capital, will decrease their sales and ability of their customers to buy, and in many cases result in total overthrow and bankruptcy. You can do this if you will. You have the power in this House to accomplish this great wrong, but let me beg of you to pause before you commence the work of destroying a great economic system under which the country has grown and prospered far in advance of every other nation of the world. A system established by the founders of the government, recognized by the first Congress which ever sat in deliberative council in this nation, sanctioned in the second act ever passed by Congress, upheld by our greatest statesmen, living or dead, vindicated by great results and justified by all of our experience, achieving industrial triumphs without a parallel in the world's history. Its maintenance is yet essential to our progress and prosperity. The step proposed is a grave one. No man on this floor can determine its consequences or predict its results.

All industries would be harmed.

A Leap in the Dark.

It is a leap in the dark. No interest is pressing it. No national necessity demands it. No true American wants it. If it is a party necessity to enforce Democratic doctrines and discipline in a little segment of the party, you can afford to wait, or clear your decks of mutineers in some other way; let the ship be saved and punish your insubordinate associates without endangering great interests temporarily confided to your care. The interests of this great people are higher and greater than the ambitions or interests of any party. The free traders have already demonstrated that they are in control of the Democratic party, that they are a large majority of that political organization; but they are happily in the minority in the country. They may dictate the policy here by party caucus, they may disturb the business of the country while yet in power, but they will not, under the policy they are now pursuing, be long permitted to dominate the popular branch of Congress, happily the only branch of the government which they now control.

No necessity for the measure.

Presidential Election of 1884.

The Republican party nominated James G. Blaine and John A. Logan, and the Democratic party, Grover Cleveland and Thomas A. Hendricks, as their respective candidates for President and Vice-President. Notwithstanding the large reductions in internal revenue taxation and customs duties by the act of 1883, there was still a large surplus accumulated in the treasury. All parties at this time seemed to concede that there should be a further remission of revenues. The Republican party, by its platform of that year, was pledged "to correct the irregularities of the tariff and to reduce the surplus, not by the vicious and indiscriminate practice of horizontal reduction, but by such methods as will relieve the taxpayer." At this time the Democratic party contained a formidable

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minority which favored the protective policy. In deference, undoubtedly to the wishes of such minority, the Democratic party receded from the positive declaration which it had made in its platform four years before favoring a tariff for revenue only. At this time the tariff plank of its platform was couched in moderate and deceptive terms. It declared:

The tariff plank in the Democratic platform of 1884.

> Knowing full well that legislation affecting the occupations of the people should be cautious and conservative in method, not in advance of public opinion, but responsive to its demands, the Democratic party is pledged to revise the tariff in a spirit of fairness to all interests. But in making reductions in taxes it is not proposed to injure any domestic industries, but rather to promote their healthy growth. From the foundation of this government, taxes collected at the custom house have been the chief source of federal revenue. Such they must continue to be. Moreover, many industries have come to rely upon legislation for successful continuance so that any change of law must be at every step regardful of the labor and capital thus involved. The purpose of reform must be subject in the execution to this plain dictate of justice: all taxation shall be limited to the requirements of economical government. The necessary reduction in taxation can and must be effected without depriving American labor of the ability to compete successfully with foreign labor, and without imposing lower rates of duty than will be ample to cover any increased cost of production which may exist in consequence of the higher rates of wages prevailing in this country.

The platform then proceeds with language, although very adroitly stated, in utter conflict with the foregoing expressions and in harmony with the principles embodied in Secretary Walker's Report of 1846. It said:

> Sufficient revenue to pay all the expenses of the federal government, economically administered, including pensions, interest and principal of the public debt, can be got under our present system of taxation from custom house taxes on fewer imported articles, bearing heaviest on articles of luxury, and bearing lightest on articles of necessity. We, therefore, denounce the abuses of the existing tariff; and, subject to the preceding limitations, we demand that federal taxation shall be exclusively for public purposes, and shall not exceed the needs of the government economically administered.

The declaration taken as a whole, together with a reliance on the Democratic minority which supported the protective policy, allayed the fears of the people that the industries of the country might be disturbed by the triumph of the Democratic party. Nevertheless, the leaders of the Republican party so well understood the case that they, although in vain, warned the people that the real purpose which the Democratic party had in view was the complete overthrow of the protective policy. Hence the tariff question was widely discussed; but owing to the factional opposition to Mr. Blaine in the Republican party, Mr. Cleveland carried the State of New York by a small majority which turned the scale in his favor.

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The methods by which the scale was thus turned were well elucidated in Congress some four years later. Upon this subject Hon. Nathan Goff, a representative from West Virginia, in a speech delivered in opposition to the Mills bill on April 27, 1888, said:

Influence of Randall, 1884.

Democratic orators in my State, in yours, Mr. Chairman, and all over the land, declared that the Democratic platform meant protection to our labor and our manufactures, and that Mr. Cleveland was as good a protectionist as Mr. Blaine. Some of them likely believed it. Many of them more than likely did not. I believe my friend from Pennsylvania [Mr. Randall] did believe it. How terribly he was deceived; how rudely he was awakened from his dream we know by what he has said and done. By this false claim did they win. By this did the candidate without a record defeat the brilliant champion of the people's cause, as did another comparatively unknown candidate, with the cry of "Polk, Dallas, and the tariff of '42," defeat the matchless "Harry of the West," the great commoner whose name and fame we all respect.

Hon. Oscar L. Jackson of Pennsylvania, in a speech delivered before the House of Representatives on May 15 of the same year, said:

The free trade New York *World* stated four years ago that Mr. Samuel J. Randall saved New York to the Democratic party; that it was his personal influence and speeches that brought victory out of disaster. Mr. Randall performed that duty earnestly and heroically at the beseeching of the national committee, which had taken the precaution of keeping Watterson, Morrison, and their crowd carefully out of New York. He will be called on to bear the brunt of battle again this fall in the great central field of New York, New Jersey and Connecticut, where the issue must be lost or won. And he will do it, with the men who have denounced him as an ally of the Republicans, lying low in the swamps and by-ways with the hope of repairing by absence and silence the ruin they have invoked.

Samuel J. Randall of Pennsylvania was a member of the House of Representatives continuously from March 4, 1863, until his death upon April 13, 1890. He was the most conspicuous protectionist in the Democratic party since 1860. He at all times opposed every effort of his party to overthrow the protective policy. He was Speaker of the House in 1876 and 1878; and during these years he did what he could both as Speaker and as leader of the protectionist wing of his party, to defeat the low tariff measures of Fernando Wood of New York and William R. Morrison of Illinois. He was Speaker again in 1879. Always opposed to a disturbance of prosperity by free trade utterances, it was largely through his influence that his party was induced to adopt a moderate tariff plank in its platform of 1884, a plank which resulted in the election of Grover Cleveland and the defeat of James G. Blaine. By 1888, however, Mr. Cleveland had become committed to free trade; the protectionist wing of the Democratic party had disappeared; and Mr. Randall, almost alone in his party, was opposed to the Mills bill; and even

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he, at that time, was too ill to be present at the debates in the House upon that measure.

On May 6, 1884, when the Morrison bill was under consideration, Mr. Randall delivered a speech in support of the principles of protection, from which the following extracts are taken:

Randall's speech 1884.

There is nothing in life so sensitive to adverse criticism and which takes alarm so quickly as capital invested in large industrial enterprises. In this connection we are reminded of Lord Chatham's celebrated expression, "Confidence is a plant of slow growth." Upon it is superimposed a structure involving the welfare of millions of all classes, and to them withdrawal of that confidence means panic, disaster, ruin. Therefore aught that unjustly tends to that end is, in legislation, not a blunder only, but a crime.

While in common with all other interests it is liable to be called upon by taxation to aid in support of the government, we owe it to ourselves that nothing like a vindictive policy shall be adopted. In this nice adjustment of business affairs is nothing more conducive to success than stability. If there be stability it is the sure foundation of confidence in the administration of public affairs, and as a natural result capital and labor move forward in their respective spheres in content and accord and with mutual profit.

To judge from the intemperate language and exaggerated rhetoric which have so frequently marked this debate it would seem as if those engaged in industrial pursuits were robbers and outlaws. We know as a matter of fact they are nothing of the sort, and that it is wicked as well as unjust vituperation. They are a part, and no mean part, of the business of the country, and under the law have been invited to engage in these employments, and therefore, if for no other reason, are entitled to the protection of the law. They are a part of our resources as a nation, and to develop those resources is, according to the wisest statesmen, the test of true statesmanship.

I rejoice in the growth and prosperity of every section of the country, knowing full well that what helps or hurts one must necessarily have an effect for good or for evil on the other. Swift, in *Gulliver's Travels,* says:

"And he gave it for his opinion that whoever would make two ears of corn or two blades of grass to grow where only one grew before would deserve better of mankind and do more essential service to his country than the whole race of politicians put together."

But, if we would believe the wild denunciations of the men who so unjustly characterize those who are engaged in productive industrial pursuits, those who have built up our own manufactures and freed us from dependence upon foreign producers have committed an unpardonable sin. I can see a good reason why our great competitor, England, should think so, but not why such should be the feeling of our own citizens.

Great Britain has never ceased to deplore the loss of her American colonies and their remunerative trade. She struck us, as she thought, a deadly blow in the War of 1812, and during our late civil war she did her best to sunder the two sections and to crippel us. Since then she has changed her policy, and instead of force she resorts to persuasion and advice. Her agents everywhere recommend free trade to us. She ekes out the lion's skin with that of the fox. It does not escape us, however. The conditions of the two countries as well as the elements of the two governments are diametrically opposed. A sea-girt island, she has sought to

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absorb the commerce and markets of the world, and she has not been scrupulous how she did it. Wherever she could she has seized the controlling points of the great water ways of trade. She holds with the grip of death Gibraltar to dominate the Mediterranean, and she controls the Red Sea by occupying Bab-el-Mandeb. So it is and always has been with her. With all her pretense of moralty she has compelled the hundreds of millions of Chinese to poison themselves with her opium.

No, Mr. Chairman, it will not do, for we remember the warning of the Trojan priest to fear the Greeks even when they brought gifts, and that Pericles said:

"For he who repents the seldomest of gratifying the wishes of his foes will pass through life with most security."

We are to-day dealing with issues vast as the hopes and fears of fifty-five millions of people whose moral, social, and physical condition are the alluring example of every government on the face of the earth. Shall we blast or bless them with our legislation? Shall we unsettle their business interests by constant tinkering with the tariff? Shall no law last longer than the meeting of the next Congress? Shall our coming here be the cause of terror, and our adjournment the cause of rejoicing? Shall nothing ever be settled, for a time, at least; but shall doubt and distress always haunt the waking and sleeping hours of the people? For one, I am emphatically opposed to any such suicidal policy. It would be madness for any party to pursue it. Now, let us see what has happened in the recent past. By the act of May 15, 1882, to provide for the appointment of a commission to investigate the question of the tariff, it was provided in the third section:

"Section 3. That it shall be the duty of said commission to take into consideration and to thoroughly investigate all the various questions relating to the agricultural, commercial, mercantile, manufacturing, mining, and industrial interests of the United States, so far as the same may be necessary to the establishment of a judicious tariff, or a revision of the existing tariff, upon a scale of justice to all interests; and for the purpose of fully examining the matters which may come before it, said commission, in the prosecution of its inquiries, is empowered to visit such different portions and sections of the country as it may deem advisable."

This was honest statesmanship. It was wise legislation. Men of both parties and from all sections supported it. The report of the commission ,embracing the testimony of all who chose to appear and the conclusions on all that had been seen and heard, was submitted to Congress in December, 1882. That report was fully and ably discussed until March 3, 1883. A large surplus revenue, looked upon as a crying evil, was then to be got rid of, which while it was unjust to the people to insist upon taxation longer than it was required by the needs of the government, was also a constant temptation to extravagant appropriations and every conceivable scheme to deplete the treasury. Besides, there were faults and incongruities to be corrected in the tariff laws which experience had shown to exist. And so general was this feeling that even the Industrial League publicly announced its approval of such reforms.

Legislation after all, and especially on economic and business matters, is a compromise between conflicting individual views of members and communities and interests. And as the best thing that could then be done, Congress passed the act approved March 3 ,1883, to reduce internal-revenue taxation, and for other purposes. It was designed to make reductions in the revenue; but exactly how much was one of those problems which baffled prophecy. Experience and time alone could tell. Yet before the interests affected by the reduction could adjust themselves to the changed conditions a new agitation was set afoot in this House, and,

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as far as possible, over the country, producing unrest in every industry and business. The panic was as dangerous and as hurtful as if these really were to be radical changes, although it has come to be understood no result can be reached at this session of Congress with an adverse Senate and a Republican Executive.

It was the clear dictate of common sense to have waited until we could be advised of the working of the tariff and tax law we had passed only one year ago, and thus, while informing ourselves for careful and accurate legislation, have saved from all the passion and turbulence of a presidential election a question in which the public welfare is so deeply concerned, and which, if it were possible, should never be made a purely partisan issue.

But this 20 per cent reduction is not so dangerous for what it does as for what it promises. In this respect we are not left to conjecture. It is proclaimed to be a firm first step toward free trade. The gentleman from New York [Mr. Dorsheimer] uses the following language:

"It has never been our doctrine that taxes should be levied for the purpose of taking money from one citizen and giving it to another. The much-talked-of Ohio declaration is for 'a tariff for revenue limited to the necessities of the government, economically administered.' If there is a Democrat here who believes that this bill will increase the revenue and who is still disposed to regard the declarations of his party, I say to him, 'We are entitled to your vote, because the existing tariff is your admission far above the revenue standard.' Let us take off one-fifth now. If that does not reduce the revenue we can take off more. Sometime we will cut to the quick and draw the blood. If 20 per cent will not reduce the revenue perhaps 50 per cent will."

Be well advised what you do ere it is too late. Consider what free trade, so-called, means to us. It means the change of our whole scheme of collecting revenue. Our people have become accustomed to import duties; it has proved to be the easiest, safest, and best method of taxation; it causes no friction or comparatively little. All this must be abolished, our internal revenue war taxes continued, and resort made for whatever additional revenue may be required to direct taxation. Is this House prepared for that? Is that the wish of our people? The old Confederation relied on direct taxation, and it was a failure. Our forefathers sought refuge under the Constitution in a different system, and the result was "a more perfect union," in order to "provide for the common defense and general welfare."

The title of the pending proposition is "a bill to reduce import duties and war-tariff taxes." It is a captivating caption, and undoubtedly was so designed. But does it reduce war taxes? It would if it abolished internal revenue taxation, but it does not. The law of 1883 did reduce it largely, and it was better deserving of the title than this bill.

Just after the meeting of this Congress I addressed a reply to a very kind letter from friends in Tennessee, which was published, and from which I beg to quote. I said:

"With Albert Gallatin I have regarded the excise or internal revenue taxes as offensive to the genius of our people, and tolerated by the framers of the Constitution only as a measure of necessity in the emergency of war, and that just so soon as the occasion for them passed away they should cease to exist. He and Thomas Jefferson, as the very first act of Jefferson's administration, secured a repeal of internal taxes and relieved the people from their inequality, inquisitorial annoyances, and hordes of officials clothed with dangerous powers. Only in these latter days have I heard men calmly claim these war taxes are still necessary—a

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generation after the war which gave rise to them had closed. And it is a very suggestive and suspicious feature of the affair that those upon whom the tax is laid clamor loudly against its being taken off, regarding it no doubt as a protection against competition to the large monopolies."

We are here invited to choose between a firm first step toward free trade, with attendant internal and direct taxation, or else to await reform of our tariff until such time as we have the political power to build upon the principles expressed in what is known as the Ohio declaration, with incidental protecton to American labor and American industry. I have no difficulty in choosing between the two lines of public policy, and I choose for my own people and my own country, and against all their competitors, whether open or concealed enemies.

I do this in the full assurance that trade will bring nothing but disaster and ruin, while the principles expressed in the declaration to which I have alluded and which have been so generally approved, will bring prosperity, happiness, and a higher order of civilization. I have never asserted there existed constitutional warrant favoring protection for the sake of protection, but I do say it is too late to urge the unconstitutionality of incidental protection. The unbroken practice of the government for more than ninety years by those who have preceded us, including those who framed our Constitution, and our success under this system down to the present time, conclusively dispose of such tardy objection. The value of incidental protection is attested by the experience of almost a century. This mode of laying discriminating duties on our imports has supported our government, paid the debts of three wars, given employment to men, women, and children, numbering in 1880 many millions; increased the investment of capital to the enormous sum of three thousand millions dollars, and consumed more than three thousand millions of dollars' worth of the products of agriculture, mining, lumbering, fishing and other industries of the country; and, more than all, it has rendered us as a nation independent of the world. It has paid about one-half our debt contracted during our civil war. These results are surprising in their grandeur of achievement, and equal, if they do not surpass, any financial policy ever before witnessed.

It is universally admitted our revenue should be reduced. The manner of reduction is the only question in dispute. The sources of this revenue are as different as possible. The internal revenue is fixed and certain in amount, but it is, as I have shown, offensive and dangerous. In its abolition I would be in relief. The other revenue comes from duties on imports. It is the most acceptable of all taxes, because it is in some measure voluntary, and while supporting the government gives at the same time encouragement to our industries, and is free from the evil of hordes of Federal tax-gatherers clothed with arbitrary and sumamry power in each Congressional district. We have seen the baleful influence of this official patronage brought to bear upon the freedom and purity of our elections.

If the naked issue, which of these two systems should be abolished, were submitted to the people, no well-informed man can doubt the result would sweep from the statute book every vestige of the hated internal taxes. But, unfortunately an opinion has taken possession of the temperance advocates that the tax on whisky (although less than one cent a glass) lessens its production, and of course its consumption; and that opinion has been studiously cultivated by the free trade interest to aid its purpose of abolishing the duties on imports. But the overproduction of whisky has compelled its holders to ask the government to relieve them from present payment of taxation, and that is a complete answer to that theory. The alliance between taxed whisky and tobacco also exposes the insincerity of the assertion that free trade will relieve agriculture of its so-called burdens. This in-

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sincerity as to agriculture is made still plainer when we remember the very men on this floor who speak in behalf of agriculture have within a short time refused to give any relief to wool-raising, one of the largest agricultural interests which the so-called protectionists attempted to protect.

It is alleged that overproduction, under an incidental protective system, has caused the present stagnation in business. If so, could it be corrected by adding to that overproduction by increased importation of like products from other countries coming here because of reduced duties? It could not, for then the government would be still richer, while our people, driven out of their own markets, would be impoverished.

Free trade never did and never will exist between countries having different governmental institutions and, of course, existing under different conditions, because these different conditions vary the cost of production.

We have to-day about 55,0000,000 of people, 25,000,000 living by agriculture, and 30,000,000 on the earnings of personal property invested in general business, or by their daily labor with head and hand, or by all combined. The agriculturists receive high prices for all their farm products, their farms are free from debt, and no commercial embarrassment denies them the necessaries of life. Not as fortunate are the other 30,000,000, and consequently, considerate if not more tender treatment is essential to their success so far as our trade and commerce with other nations are concerned.

Seven thousand millions of personal property are invested in 120,000 miles of railroad, three thousand millions in manufactures, as much more in merchandising, banking, and other employments, all facilitating exchange between producers and consumers, and all extremely sensitive to every change of statute and consequent disturbance in trade and commerce. Of this 30,000,000 of people 3,000,000 are engaged in manufactures while as many, or nearly 7,000,000 altogether, are dependent on them for support. I mention these facts to prove to you how cautious we should be in legislating as is proposed by this bill.

If we are to listen to the counsel and advice given us to abandon the heretofore settled policy of the government in favor of incidental protection and thus enable the foreigner to glut our markets with the products of ill-paid toil, panic and bankruptcy are certain soon to follow.

Mr. Cleveland at this time had evidently not decided to commit his party to a free trade program. In his first message to Congress, December, 1885, he said:

> The proposition with which we have to deal is the reduction of the revenue received by the government and indirectly paid by the people, from customs duties. The question of free trade is not involved, nor is there now any occasion for a discussion of the wisdom or expediency of a protective system. Justice and fairness dictate that in any modification of our present laws relating to revenue, the interests and industries which have been encouraged by such laws, and in which our citizens have large investments, should not be ruthlessly injured or destroyed. We should also deal with the subject in such manner as to protect the interests of American labor, which is the capital of our workingmen. Its stability and proper remuneration furnish the most justifiable pretext for a protective policy. Within these limitations a certain reduction should be made in our customs revenue.

This declaration operated to encourage the activity of those protectionist members of Congress who were the followers of Samuel J. Randall.

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The Democratic party had a majority of 40 in the House of Representatives and the Republican party by a majority of 6 controlled the Senate. The plan of horizontal reduction was now abandoned by Mr. Morrison who as chairman of the Ways and Means Committee on April 14, 1885, presented a bill which provided for many reductions in existing duties. The motion made by Mr. Morrison for the consideration of the bill by the committee of the whole was rejected by a vote of 157 to 140. Thirty-four Democratic members under the leadership of Mr. Randall voted against the motion while only four Republicans voted in its favor. This was followed by a bill proposed by Mr. Randall which was not considered.

The Mills Bill.

In response to the demand which seemed to be universal throughout the country that the surplus in the treasury be reduced, a joint resolution was passed by Congress on the 4th day of August, 1886, directing the Secretary of the Treasury to apply so much of the surplus as exceeded the sum of $100,000,000 to the discharge of the national debt. Although this resolution, supported as it was by the Republican party and many Democrats, would have relieved the treasury of the surplus of which Mr. Cleveland complained in his first message, it nevertheless failed to receive his approval. Mr. Cleveland at this time had become converted to the doctrines of free trade and had apparently resolved to stake his political fortunes upon the advocacy of an out and out free trade policy, well knowing that if the surplus of the treasury was applied to the payment of the national debt, one of the chief causes of complaint which his party had had during the past ten years against the protective policy would be removed and the prospect of triumph for "tariff reform" would be greatly lessened. In December, 1887, Mr. Cleveland sent his famous free trade message to Congress. (See extract page 255.) He had evidently been a slow convert to the doctrines of the Cobden Club, but had now decided to throw off all disguises and lead his party in the most destructive crusade against American industries which had been undertaken since 1857. Mr. Edward Stanwood, an able and conservative writer[1] on the tariff question in speaking of Mr. Cleveland's message said:

> It contained no novel arguments, but are there any new arguments yet to be presented on either side of the question? The message did restate many of the principles of the orthodox English school of political economy. Coming from the pens of those who most frequently and with the most confidence announce them, these principles are held frankly and openly to lead logically to free trade—that is, to a system of tariff taxation which not merely does not give "incidental protection," but is contrived with the express purpose of excluding protection. Mr.

[1] "American Tariff Controversies in the Nineteenth Century," Vol. II., p. 227.

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Cleveland's message of 1887.

Cleveland put himself in the singular position of arguing against the justice, the wisdom and the efficiency as an economical policy, of a protective system, and yet of protesting that "our progress toward a wise conclusion will not be improved by dwelling upon the theories of protection and free trade. This savors too much of bandying epithets. It is a condition which confronts us, not a theory." The President was able, no doubt, to reconcile his use of the stock arguments in favor of free trade in indicating the sort of tariff bill he desired Congress to pass, not merely with the widely different language he had used in his first message, but also with his own conviction that he was not asking Congress to adopt a free trade policy, and that he was dealing wholly with a condition and not at all with theory. Neither those who favored nor those who opposed his recommendations have succeeded in effecting the reconcilement. It was not a protectionist, but the London *Daily News*, an uncompromising supporter of free trade, which said that "the President does not seem to perceive the effect of his own arguments or even the meaning of his own words." The *News* was not alone in its judgment. If there was no other English journal which made so personal an application, there was not one which did not treat the message and speak of it as a free trade state paper.

John G. Carlisle of Kentucky was the Speaker of the House of Representatives and Roger Q. Mills of Texas the chairman of its Ways and Means Committee. The Democratic party had a majority in the House of Representatives; but there was a Republican majority in the Senate. A majority of the Committee on Ways and Means fully concurred in Mr. Cleveland's views. Without hearings and investigations, without giving the manufacturers and laborers of the country an opportunity to appear and answer the objections to the protective policy which were being urged by the Democratic party, a bill prepared by Mr. Mills was presented to the House of Representatives on April 2, 1888. It transferred nearly all raw materials and many partly manufactured articles to the free list; substituted many ad valorem for specific duties, and made sweeping reductions in protective duties.

Mills bill.

The general debate upon the bill continued in the House from April 17, 1888, to May 19; and the discussion of the measure by paragraphs lasted from May 31 until July 19. It was said by Mr. Springer of Illinois that 151 speeches in all were made on the bill while it was before the House. It was one of the longest and most notable debates on the subject which had occupied the attention of Congress since the formation of the government. Men of great talent and ability, who had studied most thoroughly the various phases of the tariff question, were arrayed against each other in this memorable controversy. The most notable speeches, however, were delivered by John G. Carlisle of Kentucky in support of the free trade policy, and Thomas B. Reed of Maine, and William McKinley of Ohio, against it. The bill passed the House on July 21, 1888, by a vote of 162 to 114. Mr. Randall and three of his colleagues opposed the measure.

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When the Mills bill reached the Senate in the latter part of July, it was immediately referred to the Committee on Finance, where it remained until the 3d day of October following, when the committee reported a substitute bill, which had been prepared by the Republican majority of the committee, in harmony with the protective policy. This bill which had been most carefully constructed by the Republican members of the Finance Committee, after holding extended hearings, at which all parties concerned were given the fullest opportunity to appear and furnish any and all information on the subject which might be properly considered in framing a tariff bill, was taken up for consideration on December 5, 1888, and, by a vote of 32 to 30, passed by the Senate on January 22, 1889. Although the Senate bill did not then become a law, the work of the Republican Senators in thoroughly investigating the subject and in drafting the new measure, was not wasted, because it laid the foundation for perfecting the McKinley bill which was adopted the following year.

The Mills bill in the Senate.

The Mills bill made no provision for the establishment of a single new industry or for the employment of one additional laborer in America. Notwithstanding the fact that by the reductions made in the duties on cotton and woolen fabrics, glass, pottery and many other articles, by the act of 1883, importations had increased to the injury of the capital and labor engaged in their production, every industry was now to be assailed and its wage scale leveled down toward the basis of the production cost of the Old World. In discussing the proposed reductions in the duties on farm products and the enormous losses which would be inflicted on the American farmer, Mr. Blaine, in a speech delivered at Calais, Maine, on August 29, 1888, said:

Mr. Blaine at Calais, Maine.

I have here an official copy of the Mills tariff bill as it passed the Democratic House and as it lies on the tables of the Republican Senate. If I were to give it a name locally befitting its character, I should say it was "A bill for the destruction of the material interests of Maine." It is a bill to throw open our American market to our Canadian neighbors without any consideration or recompense or exchange, but absolutely free of all charge. It invites the Canadians to bring in without duty every form of timber, hewn and sawed and squared and sided, and every other form in which wood is manufactured at the saw-mill. Lest one might escape, they put in a general clause which covers every possible article. The bill then provides for admitting free of duty, all forms of farm products, grains and vegetables and fruits and flowers, and for admitting all their wool, every form of stone that can be quarried, their meat of all kinds, their milk and their eggs, their poultry, their game. In fact, the Democratic House says to our Canadian neighbors, "If you want our American markets without cost and without price, you may have them; for everything that comes from your forest, from your farm, from your orchards, from your gardens, from your dairies and your flocks, all your meats and your poultry and your game, the stones from your quarries and the bricks from your yards—if you have grown weary waiting and wishing for the markets of the United States, I, Grover Cleveland, President thereof, propose to relieve your fatigue

Giving something for nothing.

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and to ask you to walk in and sit down and make yourselves at home in our highways and our byways, and especially in our market places."

The Preservation of American Rights Should Be Above Party.

All these questions, which directly involve the prosperity of our State and of every man in it, should not be mere issues between Republicans and Democrats. The value of a day's work, the protection of our industries, the preservation of American rights, are all larger questions than party organization or party triumph. You pay your taxes in Maine, you pay your taxes in the United States, you yield obedience, you owe allegiance, you observe the laws, you live under the flag, you stand ready to fight for the National Union as you already have fought. Beyond the frontier, across that river, our neighbors choose another government, another allegiance. They are subjects of Queen Victoria, they are loyal to Her Majesty. They live under a foreign flag. They do exactly as they have a right to do. I neither dispute their right nor envy their situation. It is their right to choose for themselves, as it is our right to choose for ourselves. But I am opposed, am totally opposed, to giving the Canadians the sentimental satisfaction of waving the British flag, paying British taxes and enjoying the actual cash remuneration of American markets. They cannot have both at the same time. If they come with us they can have what we have, but it is an absolute wrong against the rights of American citizens that millions of men who owe the United States no allegiance, who take no part nor lot with us, who are not of us, but choose to be foreign to us—it is an absolute wrong for a Democratic Congress to say that they shall have exactly the same share in our markets and the same privileges of trade under our flag that we have. I do not believe any gentleman from the other side who may now be doing me the honor to listen to me would say himself, glad as he might be of the advantage, that it was fair play. It is not fair play. It is not taking care of your own. It is not looking out for the rights of those who are obedient, honest, and loyal citizens; and a government would be in default as to the duty it owes the humblest citizen if it chose to say that we have no market here that shall be sacred to our people any more than it shall be sacred to those who are alien to us and owe allegiance to Queen Victoria.

Mills bill not fair play.

Canadians Cannot Have the Whole American Earth.

I have nothing whatever to say against the Dominion of Canada as a government, nor against its inhabitants. The Dominion of Canada is an energetic and able government. There are able and clever men at the head of it. They have done a wonderful work, and they have made wonderful progress, and I don't believe there is a citizen of the United States from one end of the country to the other that envies the people of the Dominion all the prosperity they may attain. The greater prosperity she may attain, the better for those of us who are trading with her. I wish them Godspeed. But, so far as I can help it, I do not mean that they shall be Canadians and Americans at one and the same time. They can choose their side of the question and remain over there. We will obey all laws toward them. We will maintain all treaties with them. We will stand faithfully by our word, in letter and spirit. We will treat them as neighbors and in peace as friends—men descended from the same British isles that the vast majority of citizens of the United States are—but I repeat that we don't love them well enough to invite them in to sit down

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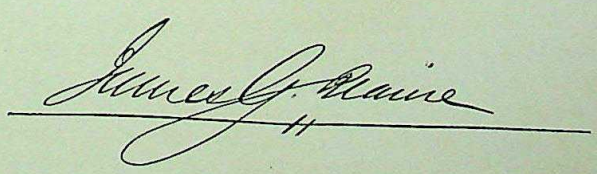

"THE BENEFITS OF PROTECTION GO, FIRST AND LAST, TO THE MEN WHO EARN THEIR BREAD IN THE SWEAT OF THEIR FACES."

JAMES G. BLAINE.

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at our hearthstones and take part of that which belongs to our own fireside and our own children. I have spoken freely, because I have nothing to conceal or withhold.

The proposal to place raw material on the free list was intended to serve a double purpose in the prosecution of the tariff reform propaganda, viz: (1) To destroy those industries in which the element of labor formed the greatest proportion of the cost of production; (2) to create dissensions among the manufacturers and weaken, if possible, that united support which they were giving to the cause of protection. Senator Platt of Connecticut, in discussing the question before the Senate on February 6, 1888, said:

View of Senator Platt of Connecticut.

But perhaps as favorite a method of attack upon the tariff by the free trader as any is the claim that raw materials should be free, and why? Because the free trader knows that the protection of raw materials is the keystone of the protective arch; that when you have once ceased to protect the production of what are called raw materials in the country, there is no logical ground upon which any article can be protected here. If that kind of production which employs the greatest percentage of labor in this country cannot receive protection, then nothing should receive protection; and it is therefore, that the assault upon protection is made upon what are called raw materials.

It is more than that; it is an appeal to the supposed selfishness of manufacturers. The manufacturers are told—told by the President in his message—that they can cheapen the cost of production if they can have free raw material. Sir, the manufacturer that seeks to obtain raw materials free and demands a tariff upon his product is a selfish man, and selfish almost to the point of criminality; and the manufacturers of New England as a class spurn that bribe. When in the preparation of the bill advised by the leading free traders out of Congress in this country, the proposition is made to purchase the support of New England manufacturers by free wool, by free iron, by free coal, I tell you that they mistake the manufacturers of Connecticut and the rest of New England. They know that this is a system or it is nothing. They know that every industry must be protected to thrive, and they know that protection alone can make us generally prosperous as a nation. They are not to be diverted from this issue.

What are raw materials? I have not time to speak on this subject as I would wish, but the only raw materials there are, are those which grow out of the earth or those which repose beneath its surface. The moment you dig out the iron, and the coal, and the copper, and the marble, and the salt, and the clay, that moment human labor is added to the natural product, and from that moment it is no longer raw material. When you cut down the tree and begin to saw it into timber or into boards it is no longer raw material.

Human energy not raw material.

When the farmer raises or buys his flock of sheep and produces his wool by means of his labor, that is no longer raw material. Human labor, the great energizing, civilizing force of the world and of humanity, has entered into that product. I would not put it too strongly if I were to say the soul of man has entered into and transformed that natural product. It is no longer raw material. Go into any one of the manufacturing establishments of this country; look at one that I have in my mind in my own State. In that factory they take copper in the

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ingot as it comes from the mine into the front door. When it goes out again it goes out in the shape of copper wire of 1/400 of an inch in diameter. Into that crude copper ingot has passed the highest thought of man; his brain is in the wire, his soul is there. . . .

There is no raw material which should be made free if labor is to be protected. . . .

Let us look at this matter a little. I said that protection is a system. Every industry which can be successfully carried on within our boundaries must feel the benefit of this protection, or the system is destroyed. The protectionist says that whenever and wherever an industry can be profitably carried on in this country it should feel the benefit of the protecting power and force of the government, and the labor which carries it on should be held above and aloof from the cheap labor by which the manufacture is carried on in foreign lands.

When he comes to consider raw material the President has no reference to any inequalities in the tariff; in this respect he does not propose to correct, he proposes to destroy. His only conception of tariff reform, so far as raw materials are concerned, is by tariff destruction.

Mr. Cleveland for tariff destruction.

Wool, the President says, is raw material; but raw material just as truly includes iron ore, and copper ore, and bituminous coal, and lead, and zinc, and lumber, and a number of other things, as it does wool. Take all these things that are classed as raw materials and put them on the free list, and what have you done? You have reduced government income by the beggarly sum of $12,000,000—beggarly in comparison with the amount which we are recommended to reduce. What else have you done? You have wiped out as with a brush at least $300,000,000 of capital in the United States. Will you purchase the free list for raw material at any such expense as that? Have you contemplated what it is, for the purpose of reducing our taxation $12,000,000, that nobody feels, to destroy at one fell swoop at least $300,000,000 of capital? . . .

I have said that into the production of these materials which are called raw materials the greatest percentage of labor enters; more than into any other production. Why is it, I ask, if the President of the United States is not a free trader, that he selects for the free list those particular productions into which the greatest percentage of labor enters? It is a question that may not be answered here, but it will be asked in the coming months and it must find an answer.

If the manufacturer were the selfish being that he is supposed to be, enlightened selfishness would insist on protection. He knows that to put raw materials on the free list at the price of destroying $300,000,000 of productive capital, and throwing out of employment from 200,000 to 350,000 laborers, immediately makes such a condition of things in this country that he cannot sell his wares. That means disaster.

Secretary Manning cites the experience of other secretaries with ad valorem duties.

Before Mr. Cleveland sent his free trade message to Congress, Daniel Manning, then Secretary of the Treasury, in a letter addressed to the Speaker of the House of Representatives, on February 16, 1886, warned his party against the evils which would necessarily result from substituting ad valorem rates for specific duties. Secretary Manning reviewed the history of the subject from the formation of our government, cited the opinions of previous Secretaries of the Treasury, and showed that with one exception—that being Robert J. Walker—every Secretary of the

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Treasury had recommended the laying of specific duties in order to prevent undervaluation frauds from being perpetrated by importers in fixing the foreign valuation of commodities upon which duties were to be assessed. He quoted Secretary Gallatin as saying in 1801:

> Without any view to an increase of revenue, but in order to guard as far as possible against the value of goods being underrated in the invoices, it would be eligible to lay specific duties on all such articles now paying duties ad valorem as may be susceptible of that alteration.

He called the attention of Congress to the fact that Secretary Crawford of Georgia, in his elaborate report to Congress in 1816, specified "over 100 articles, the list of which is printed in his report, wherein he advises the rates to be changed from ad valorem to specific."

Mr. Manning then referred to the report of Secretary of the Treasury Levi Woodbury in 1841, and said:

> The records of this department, especially the circular letters and reports of my predecessor, Mr. Levi Woodbury, show, during the last years of life of the compromise arrangement of 1833, when the average rates were approaching or had reached the limit of 20 per cent, that false invoices, undervaluations, and the nameless and the numberless devices to circumvent, baffle and defraud the treasury, when attempting to apply an ad valorem system, were in lively and successful operation. Much the same things were said and done about customs agents and representatives, as are done and said now in 1886, so uniform are recurrent events in the life of a government as of individuals, and so small in circumference are the circles of human transactions.

Mr. Manning then quotes from the report of Walter Forward, who was Secretary of the Treasury in 1840 and who was a witness to the customs frauds which were perpetrated upon the government by the system of undervaluations under the compromise act of 1833, as follows:

> With a view to guard the revenue against fraudulent undervaluations which cannot be entirely prevented by the existing scheme of ad valorem duties, specific duties are proposed in nearly all cases when practicable. The operation of the system of specific duties may not be perfectly equal, in all cases, in respect to the value of the articles included under it. But this inconvenience is more than compensated by the security of the revenue against evasions, and by the tendency of specific duties to exclude worthless and inferior articles, by which purchasers or consumers are often imposed on.

Secretary Manning then proceeds to express his own views on the subject of ad valorem duties, as follows:

Secretary Manning's own views.

> These obvious inequalities and hardships are, I think, inherent in any ad valorem system. The experience of the government in 1817, 69 years ago, when ad valorem rates were less by one-half, if not by two-thirds, than now, and the

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illuminating report of my predecessor, Mr. Crawford, whose correct judgment has been attested by the praise of Mr. Gallatin, warn us that even with the large scaling down of ad valorem rates by a horizontal reduction, or any other reduction, the inequalities and hardships of an ad valorem system and the attempting or perpetrating of fraud on the revenue are not likely to come to an end.

We are living in days when profits to be derived from the carrying on of business, whether it be in buying or selling, or manufacturing merchandise, or in the railway business, or in the banking business, or in the brokerage business, or in the steamship business, come from the large volume of business done under conditions of very "thin" rates for transacting the business. Thus it happens that a comparatively small sum evaded or saved in the payment of duties to the government will be sufficient to make the difference between a profit or loss in importation and will be sufficient to give victory in the sharp contest between rival importers and dealers.

One advantage, and perhaps the chief advantage, of a specific over an ad valorem system is in the fact that under the former duties are levied by a positive test which can be applied by our officers while the merchandise is in the possession of the government and according to a standard which is altogether national and domestic. That would be partially true of an ad valorem system levied upon "home value," but there are constitutional impediments in the way of such a system which appear to be insuperable.

Secretary Manning ignored.

Notwithstanding the deliberately expressed judgment of Secretary Manning on the subject, the Democratic party, under the leadership of Mr. Cleveland, adopted the method recommended by Secretary Walker in 1846 of entirely eliminating specific duties and opening the door for a system of undervaluations which would in fact effect a greater reduction of duties on manufactured goods than was proposed by the Mills bill itself. Mr. Cleveland not only proposed a reversal of the policy of the United States in this respect, but placed himself in opposition to the protectionists of all enlightened nations on the subject. The duties imposed by England, France, Germany, Italy, Austria, and all of the nations of the Old World, were specific. A more effectual method of breaking down the protective policy, stimulating importations of competing commodities, reducing the American rate of wages and driving American manufacturers out of business could not have been recommended. As Mr. Thomas B. Reed said:

Mr. Reed on undervaluations.

The argument against purely ad valorem duties is stronger in the case of woolen goods than in any other line of merchandise. Values in woolen goods are uncertain and fluctuating. They depend upon the values of raw material, which constantly and widely fluctuate in price. They rest upon the values of goods, which are constantly changing in style, in pattern, in method of manufacture, which are affected by every passing whim of fashion, which are to-day in demand and to-mororw unsalable at any price, which are beyond the power of local appraisers, however honest, to determine and keep track of. Hence it is that the professional undervaluer has selected this particular field as one in which he can operate to the greatest advantage and with the least probability of detection and punishment. It

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is in evidence before the Ways and Means Committee that there are lines of woolen goods, manufactured almost wholly for the American market and sent here upon consignment, upon which no market value is placed until they have passed our customs house and evaded some share of their legitimate duty. The specific duty has permitted the American manufacturer to continue competition, for that, at least, could not be evaded. Under the proposed law he will be driven from the field altogether in the lines referred to, for he will never know what price he will be called upon to compete against. Where specific duties exist, the home producer always has a definite standard by which he can operate with some degree of certainty. With a law such as this now proposed, his struggle will be against an antagonist in ambush who has only to change his fictitious invoices to underbid every effort of the American to hold this market.

The minority report on the Mills bill.

The report of the minority of the Ways and Means Committee, signed by William D. Kelley, Thomas M. Browne, Thomas B. Reed, William McKinley, Jr., and Julius C. Burrows, presented to the House of Representatives in opposition to the Mills bill, contained such a critical review of the measure that extended extracts from the same are here given. The report in the outset says:

The extraordinary manner in which this bill came to the committee and the total lack of consideration given to so grave a measure by those charged with its investigation demand notice and comment. It was fashioned outside of the committee and reached it not by the reference of the House, which is the usual channel through which committees obtain jurisdiction of a subject. It was presented, ready-made, by the chairman of the committee, who framed, completed and printed it without the knowledge of the minority and without consideration or discussion in the full committee.

The report then criticises the majority for its failure to hold hearings and give the manufacturers and workmen of the country an opportunity to be heard on the subject. The report says:

Producers, consumers and experts shut from the committee room.

The industries of the country, located in every section of the Union, representing vast interests closely related to the prosperity of the country, touching practically every home and fireside in the land, and which were to be affected by the bill, were denied a hearing, and the majority shut the doors of the committee against all examinations of producers, consumers, and experts, whose testimony might have enlightened the committee. The farmers, whose investments and products were to be disastrously dealt with, were denied an opportunity to address the committee.

The workingmen of the country, whose wages were at stake, were denied audiences. The Representatives on the floor of the House were not permitted to voice the wants of their constituents. Proposing a grave measure which would affect all of the people in their employments, their labor, and their incomes, the majority persistently refused the people the right of hearing and discussion; denied them the simple privilege of presenting reasons and arguments against their proposed action.

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The report then shows that the bill proposed a radical reversal of the tariff policy of the country, and then makes a prophecy as to the injuries it would inflict upon the industries of the country if it became a law, which, in the light of subsequent events, discloses that the signers of the report had a profound knowledge of the tariff question and a clear perception of the results which must inevitably follow the enactment of such legislation. The report then said:

The bill is a radical reversal of the tariff policy of the country which for the most part has prevailed since the foundation of the government, and under which we have made industrial and agricultural progress without a parallel in the world's history. If enacted into law it will disturb every branch of business, retard manufacturing and agricultural prosperity, and seriously impair our industrial independence. It undertakes to revise our entire revenue system; substantially all of the tariff schedules are affected; both classification and rates are changed. Specific duties are in many cases changed to ad valorem, which all experience has shown is productive of frauds and undervaluations. It does not correct the irregularities of the present tariff, it only aggravates them. It introduces uncertainties in interpretation, which will embarrass its administration, promote contention and litigation, and give to the customs officers a latitude of construction which will produce endless controversy and confusion. It is marked with a sectionalism which every patriotic citizen must deplore.

The bill takes no account of labor.

Its construction takes no account of the element of labor which enters into production, and, in a number of instances, makes the finished or advanced product free, or dutiable at a less rate than the materials from which it is made. "The poor man's blanket," which the majority has made a burning issue for so many years, is made to bear the same rate of duty as the rich man's.

More than one-third of the free list is made up from the products of the farm, the forest, and the mine; from products which are now dutiable at the minimum rates, ranging from 7 to 25 per cent; and even this slight protection, so essential, is to be taken from the farmers, the lumbermen, and the quarrymen.

The following are among the agricultural products put on the free list by the bill:

All wools,
Linseed,
Garden-seed,
Rape and other oil seed,
Hempseed,
Bulbs and roots,
Split pease,
Beans and pease,
Milk (fresh),
Meats, game, and poultry,
Figs,
Plums and prunes,
Dates,
Currants, Zante,
Vegetables (fresh),
Barks, beans, etc.,
Hemp,
Beeswax,
Flax,
Manilla,
Other vegetable substances.

The American farmer will appreciate the vicious character of the bill as applied to him, when he is apprised of the fact that, while the products of his land and labor are shut out from Canada by a protective tariff imposed by the Canadian government, the Canadian farmer can send many of his products here without the payment of duty under the proposed bill.

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How long will the rate of agricultural wages be continued in the United States under such legislation? What sort of reciprocity is this? This will be a direct benefit to the Canadian farmer and a most serious blow to the American. The whole bill has that tendency, and seems to be subject to the criticism that it was framed to benefit other countries rather than our own.

Wool.

Nowhere in the bill is the ultimate purpose of its authors more manifest than in its treatment of wool. It places this product upon the free list, and exposes our flocks and fleeces to merciless competition from abroad. In this respect the bill is but the echo of the President's message, and gives emphasis to the settled purpose of the majority to break down one of the most valuable industries of the country. It is public proclamation that the American policy of protection, so long adhered to, and under which has been secured unprecedented prosperity in every department of human effort, is to be abandoned.

Why have the majority put wool on the free list? Let them make their own answer. We quote from the report:

"We say to the manufacturer, we have put wool on the free list to enable him to obtain foreign wools cheaper, make his goods cheaper, and send them into foreign markets, and successfully compete with the foreign manufacturer."

To bring down the price of wool.

First, the purpose is to bring down the price of wool. If this should be the result, we inquire at whose expense and loss? It must be at the expense of the American grower, and to his loss, who, at present prices and with the present duty, is being forced out of the business by ruinous foreign competition? The injury, by the confession of the majority, will fall upon the American wool-grower. He is to be the first victim. He can find no profitable foreign market, if he is unable to hold his own, and it is absurd to talk about enlarging the market for his product at home with the wool of the world crowding our shores unchecked by custom house duties.

There were 114,000,000 pounds of wool imported into this country the last fiscal year, and our domestic product, as a result, even with a duty of 10 cents a pound on the higher grades, was diminished to 265,000,000 pounds. The bill will greatly increase importations of the foreign product, and diminish, if not wholly destroy, our own production. Every nation ought, if possible, to produce its clothing as well as its food. This nation can do both, if the majority will let it alone. It should be borne in mind that our wool producers cannot compete with countries where no winter feeding and but little summer attention is required, and where labor is so cheap, unless their industry has just and adequate protection. Is labor in manufacturing more deserving of the considerate concern of Congress than labor engaged in the field of agriculture? Both are useful and equally honorable, and alike merit the thoughtful consideration of those charged with making laws.

The majority report asserts that we must produce our woolen goods at lower cost, and be able to undersell the foreign product. And after this how is the lower cost to be secured? First, by fleecing the wool-grower, and next by reducing the labor cost in the manufacture. How are we to undersell the foreign product? By making the manufacturing cost of our goods less than theirs. In other words, by cutting down the wages of our skilled and unskilled labor, not to the foreign standard simply, but below it, for the product must cost us less if we undersell our competitors. The American farmer will not quietly submit to this

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injustice. The American workingman will indignantly repel this effort to degrade his labor.

First, fleece the wool-grower.

The majority gravely inquire in their report: "If Congress grants the request of the wool-growers, what are the people to do for woolen clothing." We beg to suggest that the people of this country wore woolen clothing during the existence of the tariff of 1867, and the tariff proposed by the wool conference is substantially that tariff, and the people were never better clothed, and never better able to buy them. It would be instructive to the majority to compare the prices of woolen clothing in this country during the period from 1847 to 1860, under the low tariff then prevailing, with the prices now prevailing, and they would be profited also by a comparison of the price of wages then prevailing with those now maintained. Their investigations would disclose the wretched condition of labor in the former period, the starving prices then received, and the inability of thousands of worthy workmen to get work at any price. Clothes at any price were then the dearest. If the laboring men could have been heard by the committee, they would have told a story of misery during the free trade era which might have deterred the majority even from inaugurating the policy now proposed.

Again: the majority inquire, Are the people to be compelled by Congress to wear cotton goods in the winter, or go without, to give bounties to wool-growers and wool manufacturers? While this question is too trifling for serious reply, we assure the majority that the only danger of such a happening is from the bill they now report—a bill which is to deprive our people of employment, and the opportunity to earn money with which to feed and clothe themselves and their families and educate their children.

Our own market the best.

The foreign market to which the American producer is invited by the majority report is delusory. Our own market is the best. There is no market anywhere comparable with it. Let us first of all possess it: it is ours, and we should enjoy it. Practically all the nations of the world, except England and the countries she has subjugated, have protective tariffs which they are maintaining, while the majority in the House is seeking to overthrow ours, under the delusion of a foreign market. They gravely invite us to leave our natural markets—the best in the world—and go in search of others less inviting. The *Commercial Bulletin* of Boston, January 14, 1888, stated the true situation:

"In brief, with the removal of all duties on wool, . . . we should not gain a cent's worth of foreign trade, for the other woolen using countries—France, England, and Germany—could still undersell us in foreign markets with the help of their cheap labor. We should lose the fine wool industry, which would be transferred to South America and Australia, and we should also lose cheap mutton."

Idle to talk about a foreign market.

It is more than idle to talk about a foreign market for wool and woolen products while we are buying of other countries and importing annually forty million dollars' worth of worsted and woolen goods. We should make these goods here, and, if we did, there would be a steady demand for our domestic wool at remunerative prices, our labor would be profitably employed, and the woolen factories would be running at their highest capacity with reasonable rewards for their investments.

Mr. James Phillips, Jr., of Massachusetts, a large woolen manufacturer, who is strongly opposed to free wool, speaking of the foreign market, says, and we commend his words:

"The world's market is a great free trade shadow-dance. The more people think and know of this question the less attractive the world's markets become, and the more substantial our home market grows. My advice would be that the

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United States look carefully after the home pasture by tightening the fence, if necessary, before we go wandering around to find a spot where we can sell our goods in competition with the labor of Europe."

Wool on the "free list" is a deadly assault upon a great agricultural interest, and will fall with terrible severity upon a million people, their households, and dependencies. It will destroy invested capital, unsettle established values, wrest from the flockmasters their lifetime earnings, bankrupt thousands of our best and most industrious farmers, and drive them into other branches of agriculture already overcrowded. It is a vicious and indefensible blow at the entire agricultural interests of the country.

Woolen Goods and Manufactures of Wool.

Under the bill wool being free and a duty of 40 per cent placed on woolen cloth and "all manufactures of wool," we beg to inquire how combed and carded wool are to be classified? If they are held to be "manufactures of wool," then the duty of 40 per cent would be assessed and collected, and they would pay the same duty as if manufactured into cloth. If they are to be classified as wool, the effect would be to stop the sorting, scouring, and combing of wool almost entirely in the United States, unless the domestic wools could be bought at a price low enough to cover the cost of the labor required for placing wool in the advanced form.

Admitting combed and carded wool as wool free of duty would render the combing, scouring, and carding machinery in this country to a great extent idle and worthless. There will be no use for it if this work could be done more cheaply on the other side. Surely the duty ought to be sufficiently high to cover the cost of the labor; and unless it is, foreigners will be given control of the wool market, not only in its raw state, but when carded, combed, and washed.

Again, ready-made clothing and cloakings are made subject to a duty of 45 per cent ad valorem. Clothing and cloakings are composed, first, of cloth, and second, of the lining, braid, buttons, and sewing silk, which are called trimmings. In the better grades of these manufactures silk is used entirely as a lining and is growing in general use. We are informed that where silk is used these trimmings in a man's coat and vest nearly equal one-half of the cost of the material used in such garments. Now, then, if the cloth pays a duty of 40 per cent and the trimmings a duty of 50 per cent, as provided by the bill, then the average would be 45 per cent. Now, 45 per cent is the duty placed by the bill on ready-made clothing, so that the cloth and the trimmings when made into a coat and vest pay the same duty as the materials. The clothier, the tailor, the sewing woman have no protection for their labor. If the bill was enacted into law, the whole ready-made clothing business of the country would be transferred to our European rivals. Then what market would we have for our cloth?

Flax and Hemp.

The raising of flax and hemp for fibre in the United States is on the increase. To place these fibres on the free list would retard the progress now being made and seriously injure the grower, injuring as well the manufacturers of these fibres, who do not wish to be dependent on foreign nations for their supply of raw material.

The manufacture of linen threads, linen and hemp yarns, and twines is an important industry; and although the imports are still large, the home manufactur-

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ing is increasing slowly. The weaving of linens is on the increase, although not now sufficiently protected; to reduce the duty would be to destroy the industry.

The manufacturers of flax and hemp employ over 6000 workers and have over $8,000,000 invested. This in addition to the army of laborers engaged in the agricultural districts where the fibre is raised.

The entire schedule now lacks average protection.

The manufacturing of jute requires substantial protection unless we are to transfer this branch of our business to Calcutta and Dundee. The entire schedule of "Flax, hemp, jute, and manufactures of," has not now the average protection afforded other textiles or other important industries. It is of national importance that we have our own supply of fibre, not depending on foreign nations for either the fibre or its products.

The placing of flax hackled, known as "dressed line," on the free list would class a partially manufactured article in the list of raw materials.

Protests against the proposed reduction in this schedule have been received from Iowa, Wisconsin, Indiana, Kentucky, Kansas, Illinois, New York and Dakota, but they have been unheeded by the majority of the committee.

LIME.

The grave injustice which a majority of the committee have done the laborers employed in industries producing crude articles by placing them on the free list, on the claim that they are "raw materials," is apparent. Take lime, for example, which the majority propose to admit from Canada free of duty. Lime, as is well known, is manufactured in many parts of the United States to the extent of all the wants of our citizens, and the industry gives employment to many thousands of our workingmen. Its value is made up mainly of labor, and this labor receives about $2 per day in this country, and less than $1.25 in Canada. With this difference in the wages paid the labor employed in this industry in the United States and the Dominion of Canada, it ought to be obvious to any one that if Congress should allow Canadian lime manufacturers to send their lime into our markets free of duty, it would inevitably result either in destroying the valuable lime manufacturing industry in the United States, or in compelling the laborers employed in it to accept Canadian wages.

BORAX.

Placing borax on the free list will destroy an important industry on the Pacific coast. It was greatly stimulated by the increased tariff given it by the law of 1883, since which the production has increased from 5,600,000 pounds in 1883 to 10,182,000 pounds in 1887, and during that period the prices have ruled lower in the United States than at any other period of production. In 1873 the price was 33 cents. It is now 6½ cents; all due to American production under the encouragement of a protective tariff. This is to be withdrawn, and our markets again placed in the control of the foreigner.

The price of borax one-fifth under protection.

The bill will be disastrous in its effects upon the chemical industry, an industry which employs from 35,000 to 40,000 people, and with an invested capital of not less than $140,000,000. The president of the Manufacturing Chemists' Association of the United States informs us, under date of March 31, 1888, that the free list and the reduced rates of duty fixed, applicable to the chemical schedule, will greatly injure if not be fatal to the continuance of their manufacture in the United States.

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EARTHENWARE.

Earthenware will be seriously injured by the provisions of this bill. The duty was increased on this ware by the tariff law of 1883, and was justified by the condition of the industry and the pressing interests of American labor—notwithstanding which, the foreign manufacturers supply fully one-half of the American demand. The prediction was made at the time of the increase that, as a result, the American ware would be improved in quality and reduced in price, which prediction has been fully verified. This industry has sprung up since 1860, and no more striking illustration of the benefit of protection can be found. It has grown to be one of the most valuable of our manufacturing interests; the capital invested has increased to $8,000,000, and the hands employed number upwards of 10,000; the price of good ware has been brought within the reach of the humblest household; our home competition has reduced the price of ware fully 50 per cent, and a taste for ceramic art has been cultivated, developing a new field of employment for both men and women. The wages paid in our potteries are 125 per cent in advance of those paid for like labor abroad. There is no public sentiment calling for the proposed action of the committee. There is not a consumer complaining, and every workingman engaged in these industries has protested against the reduction because of its inevitable effect upon his wages. The only effect of the bill will be to displace American by the foreign ware, increase the profits of our English and German rivals, impoverish the manufacturers, and bring distress to the labor which they employ.

Prices of earthenware are cut in two by protection.

GLASS.

The duty on cylinder window glass unpolished was subjected to a very considerable reduction by the tariff law of 1883. The bill proposes a still further reduction, which must result in great hardship to the workingmen employed, and great loss to the men whose capital is invested. Since the reduction of the tariff of 1883 the imports have steadily increased. The quantity of this kind of foreign glass imported in the fiscal year ending June 30, 1887, is greater than during any like period of our history. In the four years since the act of 1883 went into operation the increased quantity of imports is over 33 per cent, while the revenue thereunder is greater than in the four years prior to the act of 1883 by $1,250,000. These excessive importations have forced American furnaces to remain idle for one-fourth of the original length of the blast, and many men thereby deprived of their means of livelihood.

Excessive imports of glass under act of 1883.

The capacity of the American furnace is sufficient for the American consumption, and with proper protection would be able to supply it fully at prices reasonable and just to the consumers and furnish steady employment to labor, keeping at home vast sums of money now sent abroad for foreign glass. The proposed reduction will cripple, if not sacrifice, our home factories, will increase importation, diminish home production, and lessen the demand for home labor. If our factories are to survive under the proposed bill, labor will have to be reduced, we are informed, not less than 50 per cent. Already one-fourth of the window glass now used in this country is foreign made.

The wages in the glass factories of Europe are exceedingly low. Mr. James Campbell, president of the Window Glass Workers' Association of America, says:

"Two years ago, while passing through Belgium on a tour of observation in the interest of the Window Glass Workers' Association, I saw women wheeling in coal

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and carrying in glass in the sheet. Their wages ranged from $2 to $3 per week, while here in America this class of work is performed by men whose wages range from $9 to $12 per week; and about the same ratio of difference prevails in all skilled branches of industry between the prices paid in Europe and America. I feel, in view of this fact, that with a reduction of 35 per cent, as proposed by the Mills bill, the difference will have to be met by a large reduction in the matter of wages by the workmen in the window-glass industry of this country. If the Mills bill should become a law, with the low wages in Europe and the cheapness of ocean freights between Europe and America, there will be no other alternative for the American workmen but to accept a reduction in wages or surrender this market to the goods imported from abroad."

The bill would force the emigration of American factories to Germany.

Mr. F. S. Tomlin, president of the Glass Workers' League of the United States, speaking of the proposed reduction of duty upon glass bottles, says:

"If the Mills bill becomes a law, we might as well give up the struggle, and go to Germany. In Germany, where the bulk of the imported ware comes from, the workmen work eleven hours a day and seven days a week, and earn from $6 to $7 per week. So far from the tariff being lowered, it should be raised to 1½ cents per pound, in order to enable us to maintain present wages, and prevent increased importation."

Plate Glass.

A large reduction of duty is proposed upon plate glass. During the fiscal year ending June 30, 1887, there was imported into the United States a total of 4,074,178 pounds of plate glass, being the largest importation of such glass ever made in a single year. The reduction of 20 per cent proposed, we are assured by both manufacturers and workmen, will completely paralyze the industry here, and open up this market to the foreign factories.

Protection to plate glass reduced the price more than one-half.

Prior to the establishment of plate glass factories in this country, the trade was controlled entirely by the foreign producers, in combination with a number of importers here, who maintained a monopoly in plate glass, enriching themselves from the profits received from American buyers. This monopoly or combination forced the American consumer to pay from $2 to $2.50 per foot for such glass. Since our factories have been in successful operation, under the fostering care of a protective tariff, the price has been forced down to $1 per foot, on an average, a clear saving to Americans of more than one-half. It must not be forgotten that the principal element of cost in this product is labor.

"It is labor that mines, loads, transports, unloads, and uses the coal, the sand, the limestone, and fire-clay used in making plate glass. It is labor that manufactures the felt, the arsenic, the emery, the copperas, and the soda which enter into the composition of plate glass. And it is labor that fires the furnaces, that tends the machinery, and finally prepares and forwards the product, and not until such labor in its various stages is paid for on the basis of European labor can the American manufacturer expect to make glass at a corresponding cost."

It is inevitable that the proposed reduction means either the closing of our factories or a relative and corresponding reduction in wages. A statement is herein given showing the amount paid per month to workmen in plate glass manufactories in France, Germany, Belgium, England, and the United States, and will indicate the character of competition to which American labor will be exposed by the passage of this bill.

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Statement Showing the Amount Paid Per Month to Workmen in Plate Glass Manufactories.

American and foreign wages compared.

Department.	France, Germany, and Belgium.	England.	United States.
Casting department:			
Founders	$45.00	$50.60	$100.00
Skimmers and teamers	$45.00	$50.60	$100.00
Casters	18.00	27.00	40.00
Kiln firers	19.00	27.00	45.00
Producer firers	22.00	28.00	50.00
Grinding department:			
No. 1 grade	27.00	33.80	75.00
No. 2 grade	20.00	29.20	65.00
No. 3 grade	16.00	23.60	50.00
Boys	4.00	5.10	25.00
Smoothing department:			
No. 1 grade	27.00	33.80	70.00
No. 2 grade	20.00	29.20	60.00
No. 3 grade	10.00	23.60	50.00
Boys	4.00	6.80	18.00
Polishing department:			
No. 1 grade	32.00	39.20	80.00
No. 2 grade	25.00	31.40	60.00
Boys	4.00	10.80	25.00
Cutting room:			
Chief	26.00	39.20	100.00
Assistants	24.00	33.80	75.00
Blockers	14.00	23.60	32.00
Packers	13.00	27.00	50.00
Emery washers	24.00	45.00	80.00
Crocus burner	24.00	33.80	75.00
Laborers	11.00	19.60	30.00
Bricklayers	39.00	39.60	100.00
Carpenters	37.00	39.60	65.00

METAL SCHEDULE.

Tin-plate manufacture in America made impossible.

Tin-plates are placed on the free list, although this country can make this essential article as easily as Great Britain, from which our supply is almost entirely obtained. Tin-plates are composed of 95 to 97½ per cent of iron or steel, and 2½ to 5 per cent of tin. This country has every facility for producing the sheets of iron or steel for tin-plates, and it can buy from other countries the tin with which these sheets are coated. It is a mistaken belief that Great Britain obtains her supply of tin principally from Cornwall in England. That country imports from other countries the larger part of her supply of tin, and this country now buys tin from the same countries, but not for use in the manufacture of tin-plates, the present duty of 1 cent per pound being too low to enable us to compete with the tin-plate manufacturers of Great Britain. The world's supplies of tin are de-

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rived principally from Banca and Billiton, two Dutch islands in the Straits of Malacca, from Australia, and from Cornwall in England.

In the five years ended May 31, 1885, the Straits and Australia supplied 156,832 tons of tin, and in the five years ended December 31, 1883, Cornwall supplied 45,672 tons. Since 1883, the imports of tin from the Straits into Great Britain have greatly increased, while the supply from Cornwall has only slightly increased, if at all. In the fiscal year ended June 30, 1887, this country imported tin-plates valued abroad at $16,883,813. The bill of the majority not only purposes to continue this large importation annually, but makes public proclamation that this country does not want a tin-plate industry. If the majority had considered the interests of our own country, and not those of Great Britain, they would have recommended an increase in the existing duty on tin-plates, so that our people would have been encouraged to engage in their manufacture, and to develop the recently discovered tin mines of Dakota.

Free tin-plates (or iron or steel sheets, or plates, or taggers' iron, coated with tin or lead, or with a mixture of which these metals is a component part, etc.) means no less than the annihilation of the manufacturing of the finer grades of sheet-iron in this country, and upon which is expended the greatest amount of skilled and best paid labor. The galvanized sheet-iron industry is especially threatened, and this is a great and growing manufacture, involving heavily invested capital in many States East and West. Free tin-plates do not necessarily insure cheaper prices to the farmer or general consumer, but the duty taken off will be gladly absorbed by the foreign manufacturer, and this condition can be fully appreciated when the public will note that "free pig-tin" has not insured against a most unheard of heavy advance in price of this article in the hands of a foreign "combine," say from about 20 cents per pound to as much as 38 cents per pound, within the last several months, and is now quoted on different futures as varying from 34 to 37 cents per pound, or being 75 or 80 per cent advance, and this article so completely controlled by the French syndicate that the boast of the trust (as it may be called) is that this great advance can be maintained at its will.

Foreign "combine" on pig tin.

This condition fixes also the advanced prices on all the good solder which so largely enters into the working of tin-plate in the farmers' cans, etc., and for which the "tariff taxation" (so-called) is not chargeable.

And here let attention be called to the fact that good (well coated with tin) tin-plates have of late advanced very considerably to consumers, and for which advance the control by the foreign trust is wholly responsible; and it is further and well understood, in well-informed and reasoning mercantile and manufacturing circles, that tin-plates would lately have advanced more largely without regard for the American manufactures, or consumers, or packers, or farmers' interests, except that the foreign syndicate has supplied the tin-plate manufacturers of England at much less price than to the outside world for the time being, so that "tin-plates" need not just now be advanced to a point which might threaten and retard the effort to place such plates upon the free list, proposed by this bill.

The sheet-iron and sheet-steel industry are placed in great peril by this bill.

Sheet iron, sheet steel and cotton ties.

Cotton ties fare as badly as tin-plates; they also are transferred to the free list. We now make cotton ties in this country in small quantities, and would make them in larger quantities if the duty on foreign cotton ties were higher than it now is. In the expansion of the cotton-tie industry in our own country the South ought to largely share, for it possesses all the raw materials of their manufacture, and the market for their sale and use is at its own door. But the bill of the majority announces that the manufacture of cotton ties is not to be tolerated

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in the North or established in the South, and that such machinery as we now possess for the manufacture of cotton ties is to be thrown upon the scrap pile. British manufacturers are invited to make all our cotton ties, and of course they will then charge us what they please for them.

Why this article, used for baling cotton, should be admitted free of duty, and when used for any other purpose dutiable at 1¼ cents a pound, is not manifest upon any principle of fair play or economic science. There may be some reason known to the majority which they have failed to disclose to the minority; we know of no reason why cotton should enjoy this extraordinary and exceptional legislative favor.

Iron and steel beams and other structural iron and steel are forms of these metals, which are largely used in the erection of public and private buildings, and in the construction of bridges, ships, etc. These forms are more expensive, because requiring more labor, than ordinary bar-iron. Yet the bill of the majority recklessly subjects these more costly forms to lower duties than it imposes on ordinary bars of iron. The very low rates provided in the bill for beams and other structural forms of iron and steel will give great encouragement to the beam manufacturers of Belgium, which country now ships these products to the United States in considerable quantities.

Tariff lower on beams than on bar-iron.

Steel Rails.

If the majority desire to insure the handing over of our steel-rail market to our English rivals, the proposed duty of $11 will accomplish this purpose, unless the workingmen who are employed in producing the raw materials and finished products of our steel-rail works are willing to accept still lower wages than they are now receiving, and the railroad companies which transport the raw materials are willing to greatly reduce their freight rates. Have the majority any assurance that the workingmen and the railroad companies are willing to accept these conditions? Neither were heard before the committee.

The supply of steel rails to the Pacific coast is now in the hands of foreigners, because of the cheap transportation by water from foreign ports, the existing duty of $17 not being sufficient to enable our manufacturers to compete for that trade. In the New York *Iron Age* for March 8, 1888, it is stated that the Atchison, Topeka, and Santa Fé Railroad Company had lately purchased 10,000 tons of foreign rails to be delivered at San Diego, Cal., and it is also mentioned that another lot of 2500 tons of foreign rails had recently been sold by foreign makers for a Pacific coast railroad.

Steel-rail manufacture consumes one-half of American pig iron.

In proposing to seriously cripple, if not to destroy, the manufacture of steel rails in this country the majority probably do not realize the full significance of the results which they invite. It should be remembered that our manufacturers of steel rails consume almost one-half of all the iron ore, and almost one-half of all the pig-iron that the country produces. If this great market for American iron ores and pig-iron is to be destroyed, the country need not be told of the distress which will come to labor, and the bankruptcy which will come to producers.

A flagrant defect of the bill of the majority is its preference for ad valorem over specific duties, although the testimony of almost every Secretary of the Treasury since the foundation of the government has been recorded against the frauds upon the treasury which ad valorem duties invite and foster. Hon. Daniel Manning, the first Secretary of the Treasury under the present Executive, stated, in a circular letter issued July 17, 1885, that "investigations of the methods of

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entry and appraisement of imported merchandise have shown that the tariff laws are largely evaded by undervaluation whenever the duties are levied ad valorem." In a subsequent special report on the revision of the tariff, dated February 16, 1886, the same official elaborately presented the objections of many of his distinguished predecessors against ad valorem duties, upon the ground that they encouraged fraudulent entries of imported goods. In closing his report the Secretary said:

"One hears it often said that if our ad valorem rates did not exceed 25 or 30 per cent, undervaluation and temptation to undervaluation would disappear, but the records of this Department for the years 1817, 1840, and 1857 do not uphold that conclusion. Of course I am very far from advocating the universal application of specific rates, but I do believe it to be possible for the more experienced and conscientious of our appraising or examining officers in different parts of the country, and for the experts of this Department, to prepare a plan for the prudent enlargement of specific rates which will greatly promote the welfare of the government of the country."

Notwithstanding this deliberately expressed opinion by one of the most painstaking of our Secretaries of the Treasury, the bill of the majority continues many of the objectionable ad valorem rates of the present tariff and introduces others. Here, again, we detect a manifest purpose to favor foreign manufacturers at the expense of our own people, for if ad valorem duties have so operated in the past as to encourage fraudulent importations of foreign goods they may be expected to do so again. The majority must have known, for instance, that on steel-wire rods entered at ad valorem rates the invoices have been systematically undervalued during the past two years, so much so that the importations of steel in this form have in the period mentioned been enormous and entirely unprecedented. In the fiscal years 1886 and 1887 the imports of steel-wire rods under ad valorem rates amounted to 200,728 tons.

Undervaluations recognized and condoned.

As this country possesses ample facilities for the manufacture of steel-wire rods, there must have been some special cause for the larger part of the heavy importations of the two years mentioned, and this cause is found in undervaluations. Instead of proposing to prevent the evil of undervaluations in the future by substituting specific duties, the majority recognize and condone it by recommending a continuance of the ad valorem system which has made it possible. In this matter the majority not only favor foreigners at the expense of our own people, but they strike a serious blow at an honest administration of our customs laws.

Other features of the metal schedule of the bill of the majority are just as objectionable as those we have mentioned. Many of them would increase importations, and thus increase the surplus. The importations of iron and steel have been so large in the last two years, amounting to nearly 1,800,000 tons in the calendar year 1887, the foreign value of which was nearly $50,000,000, that further encouragement to foreign iron and steel manufacturers to ship their products into our markets, as provided in the bill of the majority, is a matter of such serious moment that the attention of the country needs to be specially directed to it, and to the sweeping destruction which would be sure to follow in its path.

The bill involves whole business of the country.

We have not felt called upon to present all the questions involved in this bill. If we did, volumes would be required, not pages. It would be an account of the whole business of the country. Lumber is put upon the free list, although the duty is only 18 per cent, or rather, to be more exact, sawed lumber is so placed. Planed lumber is still dutiable. What great principle relegates labor used in sawing to the limbo of free trade and places the panoply of protection over labor used in planing is known only to the majority, and they have made no disclosures. The lumber

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belt extends across the whole continent, exposed to Chinese labor competition in British Columbia and to Canadian labor competition all along the line. The addition of salt to the free list is but another blow at the lumber interest, for the manufacture of salt in many places is but an adjunct to the lumber manufacture, utilizing waste products and cheapening both.

THE SURPLUS.

If it be the purpose of the majority to reduce the income of the government from customs sources, we beg to remind them that that purpose will not be accomplished by the scaling down of duties, as proposed in the bill. It is well known and supported by almost universal experience that a mere diminution of duties tends to stimulate foreign importations and thereby increase the revenue. This is shown by the reports of importations since 1883 of those articles upon which reductions were made by the law of that year. For example: The duty on window-glass by the tariff of 1833 was reduced 25 per cent, and the importations increased from 50,947,890 pounds under the old law to 61,627,948 pounds in 1887 under the new law, and produced to the treasury an increased revenue in the latter year over the former of upwards of $200,000.

The duty on braid, plaits, laces, and trimmings were reduced by the act of 1883 from 30 to 20 per cent ad valorem, and the sum paid in duties in 1887 was $114,482.76 more than in 1883. The reduction on tin-plate under the act of 1883 was one-tenth of a cent per pound, while the duty collected in 1887 was $715,468.57 greater than in 1883. Bronze in powder was reduced by the law of 1883 from 20 to 15 per cent, yet the sum received by the government for duty in 1887 was $14,000 more than was received from the same source in 1883. The duty on writing paper was reduced from 35 per cent to 25 per cent ad valorem. The receipts in 1883 under the higher duty were $19,406.87; under the reduced duty in 1887 the receipts were $242,216.27, showing an excess of duties of $222,000 in 1887 over 1883. The duty on wool was reduced by the act of 1883, and the increase of importations and revenue is probably the most striking of any in the schedule. The importations in 1882 were 63,016,769 pounds; in 1887, 114,404,174. The duty collected in 1882 was $3,854,653.18; that in 1887, $5,899,816.63.

The bill will increase the surplus.

These illustrations clearly demonstrate that a simple scaling down of duties from 20 to 30 or 40 per cent, more or less, will only increase revenues and therefore augment the surplus.

If "the absolute peril" to the business of the country described by the President in his message last December as resulting from an existing and increasing surplus was imminent and well founded, how easily he could have averted it by the purchase of outstanding bonds with the surplus money in the treasury, a power which he possessed clear and undoubted under the act of March 3, 1881, which is as follows:

"That the Secretary of the Treasury may, at any time, apply the surplus money in the treasury not otherwise appropriated, or so much thereof as may be considered proper, to the purchase or redemption of United States bonds."

The President failed to wipe out the surplus by paying off government debts.

To have thus used the surplus would have been direct and businesslike; just what a prudent business man would have done with his idle money—called in his creditors and applied it to his debts. The President failed to do this, and when Congress assembled "the condition" confronted it. If the House had even then appreciated the situation, how promptly and easily it could have, in part, at least, relieved it. It could have been done in the first week of December by abolishing the entire tobacco tax, amounting to $30,000,000 annually, and thereby removed a

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great burden from the agricultural producers of the country, by releasing also from taxation alcohol used in the arts and manufactures, which it is estimated would amount to six millions more.

This simple proposition would have received a practically unanimous vote in the House and the approval of the country, and have stopped the collection of $3,000,000 a month, and if it had been promptly done there would now be $12,000,000 less of surplus in the treasury, and we venture to predict that the reduction that could have been thus secured was greater than the reduction which will be accomplished by this bill. The majority failed to seize the opportunity. It seems impossible for the party of the majority in the House to pass a revenue bill and reduce taxation; this has been its almost unvarying experience while in control of the House.

What Reductions Have Taken Place.

All reductions of taxation since the war made by the Republican party.

It is a striking fact that all of the reductions of taxation which have occurred since the conclusion of the war, with the exception of the trifling ones made by the acts of March 1, 1879, and of May 28, 1880, aggregating a little over $6,000,000, were accomplished while the party now in the minority was in the majority and in control of legislation.

A brief summary of what has been done in this regard will be both suggestive and instructive.

By the act of July 14, 1870, the reduction of the revenue from customs duties was:

Free list	$ 2,403,000
Estimated reduction from dutiable list	23,651,748
Total	$26,054,748

By the act of May 1, 1872, tea and coffee were placed upon the free list, making a reduction of $15,893,847

By the act of June 6, 1872, tariff duties were further reduced, the reduction by the

Free list	$ 3,345,724
Estimated reduction from dutiable list	11,933,191
Total	$15,278,915

By the act of March 3, 1883,

Free list	$ 1,365,999
Estimated reduction from dutiable list	19,489,800
Total	$20,855,799

The foregoing estimates were made when the several bills were passed.

The several acts reducing internal taxes.

Of internal taxes the following have been the reductions made by the party, now in the minority, since the conclusion of the war:

By the acts of July 13, 1866, and March 2, 1867	$103,381,199
By the acts of March 31, 1868, and February 3, 1868	54,802,578
By the act of July 14, 1870	55,315,321
By the act of December 21, 1871	14,436,862
By the act of June 6, 1872	15,807,618
By the act of March 3, 1883	40,677,682
Total	$284,421,260

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This we present as the result of Republican legislation from July 13, 1866, down to and including March 3, 1883.

The Republican party was in control of the House of Representatives from the first-named date to March 4, 1875. During that period it will be observed that taxation was reduced and revenue diminished in the aggregate sum of $284,421,260. On the 4th of March, 1875, the control of the House passed to the Democratic party, and remained with it until the 4th day of March, 1881, a period of six years. During these years the internal revenue was reduced $6,368,935. On the 4th day March, 1881, the Republican party was reinvested with control of the House of Representatives, holding it for two years, during which time it reduced taxation and the revenues from customs sources in the estimated sum, $20,885,799, and upon internal revenue, $40,677,682, a grand total of $61,432,481.

No taxes reduced during Democratic domination.

Since the 4th day of March, 1883, the House of Representatives has been dominated by the present majority party, a period of five years, and no taxes have been reduced, and no curtailment of the revenues has taken place, although warned of a threatened surplus, not only by the present administration, but by the preceding one of President Arthur. It will be observed that from 1866 to 1888, a period of twenty-two years, the control of the House of Representatives has been equally divided between the two political parties, each having eleven years.

During the eleven years of Republican control the revenues were reduced (estimated) $362,504,569
During the eleven years of Democratic control the revenues were reduced 6,368,935

Difference in favor of the present minority party in the House of.. $356,135,634

If it be claimed that for the most part during the Democratic control of the House, the Senate was dominated by the Republican party, and therefore, the responsibility of failure to reduce the revenues should be alike shared by them, we answer, that under the Constitution of the United States the House alone can originate bills to reduce taxation, the Senate having no jurisdiction of the subject, until it is given to it by a bill which passes the House, and that during all these years no such bill has gone from the House to the Senate, and, therefore, the sole responsibility for failure rests with the present majority in the House of Representatives.

Bills to reduce taxes must originate in the House.

If disaster results from the failure of the President to use the surplus now in the treasury, as the law authorizes him to use it, in payment of our existing debts, and if the majority in the House, which alone can originate a bill to reduce revenue, fails to send to the Senate a bill of that character, the responsibility will rest with them. The minority are powerless; they are neither in control of the House nor the committee; they are in no parliamentary position to report a bill or give direction to legislation which shall surely accomplish results so much desired. They sought by amendments in the Committee on Ways and Means to make this bill reasonable, just, and practical; failing there, they will seek to amend and modify it in the Committee of the Whole House, and if their efforts there are unavailing, they will seek as a last resort an opportunity to offer a substitute, which will assuredly diminish the revenues without any impairment of the American system of protection.

It is therefore manifest that the responsibility for the present monetary condition which so alarms the country does not rest with the minority party in the House, but with the President and the majority in Congress. They cannot escape

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it. The President has for three years failed, while having the power, to avoid the financial condition he now complains of. The majority in the House for six years has signally failed to provide for a reduction of the revenue. They cannot avoid responsibility for the evils which are now upon us, and while these are beyond their power to retrieve, they can, by courage and wisdom, and governed by business principles, provide against like evils in the future. They must now act or make public confession of failure.

A bill to fasten the British policy upon the country.

The minority regard this bill not as a revenue-reduction measure, but as a direct attempt to fasten upon this country the British policy of free foreign trade. So viewing it, their sense of obligation to the people, and especially the working people, employed in manufacturing and agriculture in all sections of our common country, impel them to resist it with all their power. They will assist the majority in every effort to reduce the redundant income of the government in a direct and practical way, but every effort at fiscal legislation which will destroy or enfeeble our industries, retard material development, or tend to reduce our labor to the standard of other countries, will be met with the persistent and determined opposition of the minority represented in the House.

WM. D. KELLEY,
THOS. M. BROWNE,
T. B. REED,
WM. MCKINLEY, JR.
J. C. BURROWS.

FREE TRADE ARITHMETIC.

The free trade press of the Eastern States endeavored to make it appear that the Mills bill would have effected a reduction in duties of only about seven per cent. As Benjamin Harrison expressed it, "This is not a question of a seven per cent reduction in tariff schedules, but it is a question of wide-apart principles." The cost of production of different articles so varies that the efficiency of a tariff law cannot be ascertained from the average ad valorem rates of an entire bill.

The reductions in duties proposed by the Mills bill on many competing commodities were large and were intended to bring about a great increase in importations. The advance towards free trade cannot be shown by making comparisons of average percentages of duties. Such comparisons are always misleading.

It has been often said that you can prove anything by figures; and the deceptions possible by mathematical calculations have not been better illustrated than in the efforts of Democratic members of Congress and stump speakers, at this period, to prove that the Mills bill only proposed an average reduction of duties of 7¼ per cent in the whole dutiable list of articles; or a reduction from an average of 47 per cent to an average of about 40 per cent; the inference being that so small a reduction as this could not be very injurious to the industries of the country. The misrepresentation in such statements may be clearly shown by taking ten leading articles of the Mills bill and comparing the duties fixed by that bill with those of the act of 1883, as follows:

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	Act of 1883.	Mills Bill. Per cent.	Reduced Per cent.
Wool	55	free	100
Salt	40	free	100
Sugar	82	68	17
Rice	100	100	00
Lumber	17	free	100
Tin-plates	34	free	100
Hemp and flax	20	free	100
American fruit	37	free	100
Cutlery	35	35	00
Earthenware	55	40	27

On six of the articles mentioned in the above list, the reduction is 100 per cent. On four, the duties imposed by the Act of 1883 were, respectively, 82, 100, 35 and 55, the average of which is 68 per cent. Upon these same articles the duties proposed by the Mills bill were 68, 100, 35 and 40, respectively, or an average of 60¾ per cent, which is only 7¼ points lower than the average duties provided by the existing law on the same articles. But 7¼ points is not 7¼ per cent, as the free trader often has it, but actually 10¾ per cent. Thus, the free trader, by leaving out of his calculation entirely the articles placed on the free list and striking an average of the duties upon the remaining articles, endeavors to show as small a reduction as possible; and, still further to magnify the deception, he takes 100 as his unit, by comparison with which he figures his reduction, instead of figuring it, as he should, from the former duty as his unit. By this method, tariff reformers have made it look as if very radical and important reductions in duties were in fact very slight. For example, to cut down a duty of 80 per cent to 40 per cent is to reduce it 50 per cent; but, by the method described above, the free trader calls it only a reduction of 40 per cent. What sense, then, is there in talking about percentages of reduction, or reductions in the average rates of duties determined in this way? For a further illustration, take five articles, as follows:

Articles.	Duties, per cent.
1	30 per cent
1	35 per cent
1	40 per cent
1	50 per cent
1	60 per cent
Total...5	Total...215 per cent.

The total of the column of percentages is 215, which, divided by 5, the number of articles considered, gives an average of 43 per cent. Sup-

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pose, then, that all were placed on the free list except the last one of the five articles above mentioned, which carries a 60 per cent duty. By leaving out of account the four reductions of 100 per cent each, the average, then, would be 60 divided by 1, which leaves 60 per cent as the answer, and, therefore, instead of a reduction in the average rate of duty of 80 per cent, which is the fact, the free trader would show an actual increase of 17 points, or 39.5 per cent; which, of course, reduces the whole thing to an absurdity.

McKinley's speech, delivered in opposition to the Mills tariff bill on May 18, 1888, following the report of the minority of the Ways and Means Committee, was regarded by many as one of the most convincing and ablest speeches made in the defence of the protective policy since the Republican party was formed. The following extracts are given. McKinley said:

Mr. McKinley in opposition to the Mills bill.

What is a protective tariff? It is a tariff upon foreign imports so adjusted as to secure the necessary revenue, and judiciously imposed upon those foreign products the like of which are produced at home or the like of which we are capable of producing at home. It imposes the duty upon the competing foreign product; it makes it bear the burden or duty, and, as far as possible, luxuries only excepted, permits the non-competing foreign product to come in free of duty. Articles of common use, comfort and necessity which we cannot produce here it sends to the people untaxed and free from custom-house exactions. Tea, coffee, spices and drugs are such articles, and under our system are upon the free list. It says to our foreign competitor, if you want to bring your merchandise here, your farm products here, your coal and iron ore, your wool, your salt, your pottery, your glass, your cottons and woolens, and sell alongside of our producers in our markets, we will make your product bear a duty; in effect, pay for the privilege of doing it. Our kind of a tariff makes the competing foreign article carry the burden, draw the load, supply the revenue; and in performing this essential office it encourages, at the same time, our own industries and protects our own people in their chosen employments. This is the mission and purpose of a protective tariff. That is what we mean to maintain, and any measure which will destroy it we shall firmly resist, and if beaten on this floor we will appeal from your decision to the people, before whom parties and policies must at last be tried. We have free trade among ourselves throughout thirty-eight States and the Territories and among sixty millions of people. Absolute freedom of exchange within our own borders and among our own citizens is the law of the republic. Reasonable taxation and restraint upon those without is the dictate of enlightened patriotism and the doctrine of the Republican party.

Free trade between the States.

Free trade in the United States is founded upon a community of equalities and reciprocities. It is like the unrestrained freedom and reciprocal relations and obligations of a family. Here we are one country, one language, one allegiance, one standard of citizenship, one flag, one Constitution, one nation, one destiny. It is otherwise with foreign society organized for its own, to protect its own, and work out its own destiny. We deny to those foreign nations free trade with us upon equal terms with our own producers. The foreign producer has no right or

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claim to equality with our own. He is not amenable to our laws. There are resting upon him none of the obligations of citizenship. He pays no taxes. He performs no civil duties; is subject to no demands for military service. He is exempt from State, county, and municipal obligations. He contributes nothing to the support, the progress, and glory of the nation. Why should he enjoy unrestrained equal privileges and profits in our markets with our producers, our labor, and our taxpayers? Let the gentleman who follows me answer. We put a burden upon his productions, we discriminate against his merchandise, because he is alien to us and our interests, and we do it to protect our own, defend our own, preserve our own, who are always with us in adversity and prosperity, in sympathy and purpose, and, if necessary, in sacrifice. That is the principle which governs us. I submit it is a patriotic and righteous one. In our own country, each citizen competing with the other in free and unresentful rivalry, while with the rest of the world all are united and together in resisting outside competition as we would foreign interference.

Equal privileges given to aliens by free foreign trade.

Free foreign trade admits the foreigner to equal privileges with our own citizens. It invites the product of foreign cheap labor to this market in competition with the domestic product, representing higher and better paid labor. It results in giving our money, our manufactures, and our markets to other nations, to the injury of our labor, our tradespeople, and our farmers. Protection keeps money, markets, and manufactures at home for the benefit of our own people.

It is scarcely worth while to more than state the proposition that taxation upon a foreign competing product is more easily paid and less burdensome than taxation upon the non-competing product. In the latter it is always added to the foreign cost, and therefore paid by the consumer, while in the former, where the duty is upon the competing product, it is largely paid in the form of diminishing profits to the foreign producer. It would be burdensome beyond endurance to collect our taxes from the products, professions, and labor of our own people.

The General Effect of Protection.

I now come to consider the general effect of the protective system upon our people and their employments. There is no conflict of interests and should be none between the several classes of producers and the consumers in the United States. Their interests are one, interrelated and interdependent. That which benefits one benefits all; one man's work has relation with every other man's work in the same community; each is an essential part of the grand result to be attained, and that statesmanship which would seek to array the one against the other for any purpose is narrow, unworthy, and unpatriotic. The President's message is unhappily in that direction. The discussion had on this floor has taken that turn. Both have been calculated to create antagonisms where none existed.

The farmer, the manufacturer, the laborer, the tradesman, and the producer and the consumer all have a common interest in the maintenance of a protective tariff. All are alike and equally favored by the system which you seek to overthrow. It is a national system, broad and universal in its application; if otherwise it should be abandoned. It cannot be invoked for one section or one interest to the exclusion of others. It must be general in its application within the contemplation of the principle upon which the system is founded. We have been living under it for twenty-seven continuous years, and it can be asserted with confidence that no country in the world has achieved such industrial advancement, and such marvelous progress in arts, science, and civilization as ours. Tested by its results, it has surpassed all other revenue systems.

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Forty-seven years of revenue tariffs: fifty-two of protection.

From 1789 to 1888, a period of ninety-nine years, there have been forty-seven years when a Democratic revenue tariff policy has prevailed, and fifty-two years under the protective policy, and it is a noteworthy fact that the most progressive and prosperous periods of our history in every department of human effort and material development were during the fifty-two years when the protective party was in control and protective tariffs were maintained; and the most disastrous years—years of want and wretchedness, ruin and retrogression, eventuating in insufficient revenues and shattered credits, individual and national—were during the free trade or revenue tariff eras of our history. No man living who passed through any of the latter periods but would dread their return, and would flee from them as he would escape from fire and pestilence; and I believe the party which promotes their return will merit and receive popular condemnation. What is the trouble with our present condition? No country can point to greater prosperity or more enduring evidences of substantial progress among all the people. Too much money is being collected, it is said. We say stop it; not by indiscriminate and vicious legislation, but by simple business methods. Do it on simple, practical lines and we will help you. Buy up the bonds, objectionable as it may be, and pay the nation's debts, if you cannot reduce taxation. You could have done this long ago. Nobody is chargeable for the failure and delay but your own administration.

Who is objecting to our protective system? From what quarter does the complaint come? Not from the enterprising American citizen; not from the manufacturer; not from the laborer, whose wages it improves; not from the consumer, for he is fully satisfied, because under it he buys a cheaper and a better product than he did under the other system; not from the farmer, for he finds among the employes of the protected industries his best and most reliable customers; not from the merchant or the tradesman, for every hive of industry increases the number of his customers and enlarges the volume of his trade. Few, indeed, have been the petitions presented to this House asking for any reduction of duties upon imports. None, that I have seen or heard of, and I have watched with the deepest interest the number and character of these petitions that I might gather from them the drift of public sentiment—I say I have seen none asking for the passage of this bill, or for any such departure from the fiscal policy of the government so long recognized and followed, while against this legislation there has been no limit to petitions, memorials, prayers, and protests, from producer and consumer alike.

No Public Demand for Such a Measure.

A measure not called for by the people.

This measure is not called for by the people; it is not an American measure; it is inspired by importers and foreign producers, most of them aliens, who want to diminish our trade and increase their own; who want to decrease our prosperity and augment theirs, and who have no interest in this country except what they can make out of it. To this is added the influence of the professors in some of our institutions of learning, who teach the science contained in books and not that of practical business. I would rather have my political economy founded upon the every-day experience of the puddler or the potter than the learning of the professor, the farmer and factory hand than the college faculty. Then there is another class who want protective tariffs overthrown. They are the men of independent wealth, with settled and steady incomes, who want everything cheap but currency; the value of everything clipped but coin—cheap labor but dear money. These are the elements which are arrayed against us.

Men of settled incomes oppose protection; business men favor it.

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Men whose capital is invested in productive enterprises, who take the risks of business, men who expend their capital and energy in the development of our resources, they are in favor of the maintenance of the protective system. The farmer, the rice-grower, the miner, the vast army of wage-earners from one end of the country to the other, the chief producers of wealth, men whose capital is their brain and muscle, who aspire to better their condition and elevate themselves and their fellows; the young man whose future is yet before him, and which he must carve out with his hand and head, who is without the aid of fortune or of a long ancestral line, these are our steadfast allies in this great contest for the preservation of the American system. Experience and results in our own country are our best advisers, and they vindicate beyond the possibility of dispute the worth and wisdom of the system.

What country can show such a trade as ours, such commerce, such immense transportation lines, such a volume of exchanges, and such marvelous production from the raw material to the finished product. Its balance-sheet is without a parallel in the whole world's history—richest in agriculture, greatest in its domestic trade and traffic, and leading in manufactures any nation in Europe. Why abandon a policy which can point to such achievements and whose trophies are to be seen on every hand? The internal commerce of the United States is greater than the entire foreign commerce of Great Britain, France, Germany, Russia, Holland, Belgium, and Austria-Hungary. Why, a single railroad system in this country (that of the Pennsylvania Railroad Company) carries more tonnage and traffic in a single year than all the merchant ships of Great Britain. The whole of Europe has not built as many miles of railroad as this country has during some recent years, and in 1880 the whole known world did not lay as many miles of track as were laid across this country. Great Britain's foreign commerce equals about one-sixth of our domestic commerce. Can we do better under any other fiscal policy? We say not. Wise statesmanship commands us, therefore, to let well enough alone. . . .

The value of American internal commerce.

A Home Market.

Why, Mr. Chairman, the establishment of a furnace or factory or mill in any neighborhood has the effect at once to enhance the value of all property and all values for miles surrounding it. They produce increased activity. The farmer has a better and a nearer market for his products. The merchant, the butcher, the grocer, have an increased trade. The carpenter is in greater demand; he is called upon to build more houses. Every branch of trade, every avenue of labor, will feel almost immediately the energizing influence of a new industry. The truck farm is in demand; the perishable products, the fruits, the vegetables, which in many cases will not bear exportation and for which a foreign market is too distant to be available, find a constant and ready demand at good paying prices.

What the agriculturist of this country wants more than anything else, after he has gathered his crop, are consumers, consumers at home, men who do not produce what they eat, who must purchase all they consume; men who are engaged in manufacturing, in mining, in cotton-spinning, in the potteries, and in the thousands of productive industries which command all their time and energy, and whose employments do not admit of their producing their own food.

The farm needs factories.

The American agriculturist further wants these consumers near and convenient to his field of supply. Cheap as inland transportation is, every mile saved is money made. Every manufacturing establishment in the United States, wherever

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situated, is of priceless value to the farmers of the country. The six manufacturing States of New England aptly illustrate the great value of a home market to the Western farmer. These States have reached the highest perfection in skill and manufactures. They raise from their own soil, with the exceptions of hay and potatoes, but a small fraction of what their inhabitants require and consume; they could not from their own fields and granaries feed the population which they had in 1830, much less their present population. The most intense revenue reformer, the most unenlightened Democrat, will have to confess that New England is indebted in large part for her splendid development to the protective system. Now, has her prosperity and progress been secured at the sacrifice of other interests and other sections? I answer no, but has brought, as I believe I shall be able to show, a positive blessing to all of our 60,000,000 of people.

Value of New England as a market for West and South.

In 1880 the population of these six States was over 4,000,000. The food products required by their people, the very necessities of their daily life in a large measure, came from other States and remote sections of the Union. They raised in 1880 but one-quarter of 1 per cent of the total wheat production of the United States. They raised in the same year but one-half of 1 per cent of the total crop of Indian corn, 2½ per cent of the oats, 12 per cent of the hay, and 13 per cent of the potatoes which were produced in the United States. What did they consume? What did they buy of the Western farmer? Fifty millions of dollars' worth of meat were consumed by their industrial people in a single year. The extent of their needs is strikingly shown by the fact (obtained from the accounts of Commissioner Fink) that during the year 1884 "the trunk lines" brought into New England no less than 470,000 tons of flour and 950,000 tons of grain. At 200 pounds to the barrel of flour, this is an importation of 4,700,000 barrels, or one and one-fifth, nearly, for each inhabitant. During the same year there were exported from Boston and Portland, the only points in New England from which breadstuffs are sent abroad, 2,100,000 barrels of flour, leaving for consumption within these States 2,600,000 barrels. These figures take no account of the large trade by water from New York. I am informed that a large part of the flour consumed in Connecticut, Rhode Island, and Southern Massachusetts is received in this way, but no reliable statistics are available. It is reasonable, however, to suppose, and this comes to me from what I deem good authority, that the amount thus received and consumed offsets a large portion of the foreign exports to which I have referred.

Of the grain received during the same year rather less than 400,000 tons were exported, leaving for New England consumption 550,000 tons, for all of which these States were the customers of the West in addition to the amount grown upon their own soil. In addition to this, New England consumed, in 1886-'87 in her factories nearly one-fourth of the entire cotton crop of the country. More than this, she used in her woolen mills in 1880 fully one-half of the entire wool clip of the United States, and during the year 1886 she consumed more than one-sixth of the entire anthracite coal production of the country and 5½ per cent of the bituminous coal production, and every pound of both came from the Middle and Southern States.

Is not New England (I appeal to the gentlemen of the other side, I appeal to the farmers of the country) worth preserving? Is not the industrial system which makes such a community of consumers for agricultural products possible worth maintaining? Does not she furnish you a market worth fostering? Does not she give you a trade and an exchange of products worth your while to guard with the most considerate care? And does not her condition indicate the wisdom

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of the policy we advocate? Is not her market better for you than a foreign one? Is not New England a better customer for you, more reliable, more easily reached, more stable, than Old England? Is not Boston a better customer for the people of the United States than London, New York than Liverpool, Pittsburgh than Manchester, Cincinnati than Birmingham?

New England buys of you for all her wants; Old England takes not a pound or a bushel from you except what she must have and cannot get elsewhere.

Markets afforded by New and Old England compared.

Now, let us contrast this home market of New England with the foreign market of Old England. In 1880 New England consumed 540,000,000 pounds of cotton, at 11.61 a pound, which in value then amounted to $62,695,000, 20 per cent greater than the per capita value of all our domestic exports to the United Kingdom, and this was only New England's contribution to the Southern producers of cotton. She sends at least $70,000,000 to the West and Northwest for her food supplies. She sends to the wool-growers of the Middle, Western, and Pacific States $40,000,000 annually for their fleeces. I repeat, is not this market worth preserving, ay, cherishing, and does it not make us long to have New England thrift, New England enterprise, and New England politics more generally distributed throughout all sections of the country?

You can destroy this valuable home market by such legislation as is proposed in this bill; you can diminish this demand for food, for cotton, for wool, for flax, and hemp produced in other sections of the country by following the delusive theories of our friends on the other side of the House; you can diminsh the capacity of the operatives to buy of you by diminishing their wages; you can drive them from the cotton and woolen factories to the farms; they will then drift to the West and Northwest, not to engage in manufacture, but in a great measure to become tillers of the soil, and instead of being as they are now, and as they will be under a proper tariff system, your consumers, they become your competitors. They go from the ranks of consumers to the ranks of producers; diminish the consumers and increase the producers. The foreign market for agricultural products is one of the delusions of free trade. If it ever had any real substance as against a good home market that has long since disappeared.

The foreign market a delusion of free trade.

The chairman of the Ways and Means Committee says to the Western farmer, "Let New England go. Pass her by and go to Old England." Well, that is about as practical as the Democratic party ordinarily is.

Mr. Dunn was a prominent member of this House and chairman of one of its leading committees, and I remember to have heard him say what I now read from the *Record:*

"The wheat producer of the Northwest is standing face to face with the wheat producer of India. A few years ago India shipped 40,000 bushels of wheat. Last year (1885) she put into the market 40,000,000 bushels. Can you protect the Northwest farmer against that labor? India can put wheat down in the markets of consumption in Europe cheaper than we can transport it from the fields of production to the markets of consumption; that is to say, India can produce and market her wheat in Europe for what it costs the farmer of the Northwest to transport his to the market of consumption, without allowing him for the cost of production. In other words, the transportation of wheat costs the American farmer as much as both transportation and production cost the India farmer."

In the face of a statement like this, from such high Democratic authority, how, I ask, is the wheat of the American farmer to reach the European market with any profit to our producers? And yet it is to this kind of competition the chairman of the Ways and Means Committee invites the American farmer. Do

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The home market the best.

the farmers want such a market with such a competition? What their answer will be no man can doubt. They reject with indignation and scorn the chairman's invitation. The home market is the best, besides being the safest. It has got the most money to spend, and spends the most. It consumes the most; it is therefore the most profitable.

The masses of our people live better than any people in the world. Great Britain only buys our food products when she has not enough of her own and can reach no other supply. This market, therefore, is fitful and fluctuating, and cannot be relied upon as we can rely upon our own consumers. The foreign market under a revenue tariff for agricultural products has not been encouraging in our own experience in the past. It promises less under such a system in the future.

Increased Importations the Purpose of the Bill.

The chairman of the committee in opening this debate boldly announced that we must increase foreign importations to secure national prosperity. How much does the gentleman and the party with which he is associated desire to increase importations? Are they not large enough already? Are they not now crowding our producers and diminishing their annual productions? Are they not already making labor restless, filling it with apprehension and uncertainty as to the future? Is this country to be the dumping ground of foreign products? During the last fiscal year over $233,000,000 in value of foreign merchandise was imported into the United States free of duty, and over $450,000,000 additional was imported which paid a duty. Is this not enough? Do the iron and steel workers want further importations in their line, representing cheap labor, to compete with the product of their labor? Over $50,000,000 in value of iron and steel manufactures was imported last year, every dollar of which represented foreign capital and foreign labor, which might well have been produced at home.

The American labor displaced by imports of iron and steel.

How much labor do you suppose was represented by the $50,000,000 worth of iron and steel that came into this country last year? It would have taken 1740 puddlers and helpers, working every day for 300 days in the year, to have produced the scrap-iron that came from Europe last year. It would have taken 2500 men 300 days to have produced the bar and structural iron, and steel billets, and slabs, and ingots which were imported into the United States last year. It would have taken 300 men 300 days, besides those engaged in preparing the raw material, to have produced the plates and sheets, the corrugated iron, and the steel in various forms imported last year. It would have taken 3700 men 300 days to have made the wire rods and the nails and the screws and wire in various shapes which were imported into the United States last year. It would have taken 800 men 300 days to have made the washers, and the bolts, and the fish-plates, and railway-plates, the steel tire, hinge-iron, and tubes of steel which were imported into this country last year. It would have taken 500 men 300 days to have made the iron and steel rails which were brought into the United States from abroad last year. It would have taken 24,000 men to manufacture the tin-plate imported last year. Summing up these figures 33,540 men, working for 300 days, would have been required to produce the $50,000,000 worth of iron and steel which we imported last year. Do you want that volume increased? Ten million sixty-two thousand is the aggregate number of days' work that were taken from American workingmen, every day's work of which they could have performed,

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and were waiting ready to perform. Including all branches of labor required to manufacture the fifty millions of imported iron and steel and the manufacture thereof, taking into account the labor employed in the mining, transportation and manipulation of the raw materials, and it would employ nearly, if not quite, one hundred thousand men.

The government made for native and naturalized Americans.

I do not know what you think about it; but I would not permit a single ton of steel to come into the United States if our own labor could make it. Let American labor, as far as practicable, manufacture American products. And if you do not like it, you know what you can do. This government is made for Americans, native-born and naturalized; and every pound, every bushel, every ton, every yard of foreign product that comes into this country to compete with ours deprives American labor of what justly belongs to it.

Do the farmers want increased importations of agricultural products? Of barley alone there were $6,152,000 of value imported last year, and of vegetables a value of $2,276,000. The total imports of the products of agriculture for the year 1887 free and dutiable were in value $197,308,240. Of this sum $46,678,443 was admitted free of duty and the remainder paid a duty. Do the agriculturists want the duties all removed and their products driven from this market. Seven million three hundred thousand dollars' worth of foreign glass came into this country last year. Do the glass-blowers want this volume increased? Five million five hundred and forty-five thousand dollars' worth of pottery of foreign make entered our market last year. Do the potters want this vast sum augmented? Will the wool-growers who were compelled to compete with $16,000,000 worth of foreign wool last year relish the prospect of having their product further displaced next year; and the labor engaged in woolen manufactories in this country, are they anxious that the $44,000,000 worth of woolen goods imported in 1887 in competition with the products of their labor shall be multiplied in 1889? All these importations will be greatly increased if this bill shall become a law. Every invoice of foreign goods which comes here, the like of which we can make, crowds out just so much American labor. Is there to be no limit to this foreign invasion?

The alternatives. the debasement of American or an inundation of foreign goods.

I answer, only to the extent that our people shall make importations impossible by reducing the cost of the home product. This will be the only restraint upon foreign merchandise glutting this market to the displacement of our own. If our present labor conditions are maintained—and this bill gets upon our statute book—there will be no barrier in the way of a perfect inundation of foreign goods in the United States. It should not be forgotten that low duties or no duties substitute foreign imports for home-made and home-grown products, and to the extent of such substitution take work and wages from American labor. The effect of this bill, and there can be no other, is to increase importations, displace our own products by foreign ones, diminish the output of our factories and mills, curtail the demand for labor, and reduce the wages of those who may be able to get work. This result is as clear and manifest to me as the simplest mathematical problem, and we have only to look at the wage scale of competing nations to know what our labor will come to with free trade or its equivalent. We cannot compete with foreign nations without the restraint of a tariff unless we have equal conditions and equal labor cost. To do this we must introduce European conditions and European methods in the United States, and that is what this bill and all similar legislation mean.

"The trammels of trade must be removed," is the language employed by the friends of this bill. How and in what way? First, by removing the duty from

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raw materials used in manufacture, which of necessity will be at the expense and loss of those engaged in preparing them. But to a tariff reformer that is of little account. This trammel must go, to enable the domestic manufacturer to compete with the foreign manufacturer at home and abroad. After this, and next in order, the trammel of high wages must be removed. This is the most important and essential of all. This is the chief obstruction. Free raw material will not equalize the condition of manufacturers at home with those abroad. Cheap labor, underpaid labor, underfed labor will be the next demand of the advocates of this bill. Some of them have been frank enough to avow it already. This is the inexorable logic of the situation. If we are to control the whole of our own market and send our manufactures across the sea, it can be accomplished in one way only, by reducing the cost of the home product to the same or below the cost of the foreign product. To do this every intelligent man knows involves an enormous reduction of the wages of American workingmen. To this a revenue tariff comes at last; from it there is no escape and against it every true American interest cries out in an emphatic and earnest protest.

The "trammel" of high wages "must be removed" from trade.

I propose a wiser and more patriotic solution of the difficulties of our financial situation. If we will buy more American goods and less foreign, we will reduce the income of the government and leave and increase, the surplus among the people. If we will buy more American merchandise and less of foreign make, manufactories at home will run the year round and labor will be suitably rewarded and steadily employed. If we had some of that lofty patriotism evinced by the fathers, if we were more American in feeling, sentiment, and purpose, there would be fewer advocates of this bill.

The Campaign of 1888.

It was while the Mills bill was being discussed before the House of Representatives that the national conventions of the two parties convened, named their candidates and adopted their platforms. The Republican party placed in nomination Benjamin Harrison of Indiana as its candidate for President and Levi P. Morton of New York as its choice for Vice-President, and the Democratic party renominated Grover Cleveland for President and named Adlai Stevenson for Vice-President. The Mills bill and Mr. Cleveland's free trade message were the issues. The Democratic party in its platform denounced the protective policy as imposing upon the people a system of unjust taxation and indorsed and recommended the early passage of the Mills bill.

The Mills bill and Mr. Cleveland's free trade message the issues.

The Republican party unequivocally accepted the issue made by Mr. Cleveland, and declared "uncompromisingly in favor of the American system of protection. We accept the issue, and confidently appeal to the people for their judgment." "The protective system must be maintained. . . . We denounce the Mills bill. . . . We condemn the proposition of the Democratic party to place wool on the free list."

The party then pledged itself to

effect all needed reductions of the national revenue by repealing the taxes upon

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tobacco, which are an annoyance and burden to agriculture, and the tax upon spirits used in the arts and for mechanical purposes, and by such revision of the tariff law as will tend to check imports of such articles as are produced by our people, the production of which gives employment to our labor, and release from import duties those articles of foreign production, except luxuries, the like of which cannot be produced at home. If there shall still remain a larger revenue than is requisite for the wants of the government, we favor the entire repeal of internal taxes, rather than the surrender of any part of our protective system, at the joint behest of the whiskey trust and the agents of foreign manufacturers.

The appeal of the South and West to free trade.

The campaign which followed was one of the most notable controversies on the subject of protection vs. free trade in the history of the country. Mr. Cleveland's message had aroused to action every protectionist, Democratic or Republican. Throughout the Southern States the Democratic party did not disguise its adherence to a free trade policy, and in the Western States the old appeal was again made to the farmers, that they would profit by a foreign market. The importing interests, of course, as of old, were heartily in support of Mr. Cleveland's policy. Many Democrats throughout the manufacturing districts of the East, however, voted the Republican ticket solely because of their disapproval of the radical position taken by President Cleveland. The Republican party, through its press and political speakers, urged a continuation of the protective policy for the benefit of the industries and labor of every section of the country, North, South, East and West. Mr. Harrison carried the State of New York, which was the battleground of the campaign and the pivotal State, by about 12,000 majority. The Republican party was returned to power, with its majority in the Senate increased from 45 against 37 to 51 against 39, when the new Senators from North and South Dakota, Montana and Washington were admitted. The House of Representatives stood 169 Republicans to 161 Democrats.

Senate and House Republican.

Many of the questions growing out of the civil war were now finally adjusted. Specie payments were resumed on January 1, 1879, and every kind of currency and every obligation issued by the government was worth its face in gold. The financial questions, involving the payment of United States bonds and all of the obligations of the government in specie; the continuance of the national banking system; and the restriction on the issue of greenbacks which had divided the parties since the close of the war, were now settled. The tariff question since 1883 was the chief and most absorbing issue before the people. The national debt had now been greatly reduced; war taxes had been removed; the duties on imports had been made to conform to a consistent protective policy. Non-competing commodities had been placed on the free list, and duties on imports were now imposed on articles which came in competition with those made in America, and fixed at rates which were intended to afford protection to

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Treasury surplus still in evidence.

American industries. At the same time internal revenue taxes upon tobacco, ale, beer, and spirituous liquors were continued as a part of the revenue system of the government. The large surplus in the treasury was, however, a disturbing element which was being used by the enemies of protection as one pretext for a revision of the tariff. It was believed by many Republicans who supported the reduction of duties by the act of 1883 that a considerable reduction in revenues and a diminution of the surplus would be effected; but the country was enjoying general prosperity; population was increasing; the industries were being extended and growing in every direction; consumption was large and importations had greatly increased. The reductions made in the duties on competing imports in 1883 had the opposite effect of that intended and predicted by those Republicans who made concessions at that time to the Democratic party. While the tariff reformers were constantly parading before the people the accumulated surplus, they in fact were endeavoring to prejudice the people against the entire protective policy. The real controversy was not over the question of a surplus. It, in fact, was the irrepressible conflict between those favoring the protective policy and its enemies. The conflict could be postponed no longer. The Republican party not only favored maintaining a full measure of protection to all existing domestic industries, but proposed to meet new conditions which had arisen by extending its beneficent influences in the establishing of many new industries, such as tin-plate, pearl buttons, the finer and more delicate fabrics and a vast number of articles which experience had taught were not accorded sufficient protection under existing laws. As the history of the subject was more fully examined; as the influence of the protective policy upon the establishment and promotion of industries since the formation of our government, and especially since 1861, was better understood, the most enlightened and patriotic protectionists, like James G. Blaine, Benjamin Harrison, William McKinley and Thomas B. Reed, believed that the people of the United States should now go forward instead of backward and extend the upbuilding policy of protection to a vast number of industries not yet established on American soil, and at the same time give additional protection to those industries which were suffering from the competing imports which every month were being poured into the country from abroad. On the other hand, the tariff reformers were not only opposed to the establishment of new industries by an extension of the protective policy, but also favored the destruction of those already set up. They proposed to tear down instead of build up. Their plan of revision contemplated an increase in competing imports, and to accomplish this end was the essential purpose of the downward revision of the tariff which they intended to foist upon the nation. The plea that this could be accomplished without bringing about a reduction of the wages of American

The irrepressible conflict between protection and free trade.

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workingmen was a subterfuge circulated throughout the manufacturing districts of the East to allay opposition and mislead the people. Throughout the Southern States their purpose was boldly stated, as it was in the rural districts of the Western States. The old appeal to the American farmer, that by reducing the protective duties and encouraging imports a vast outlet would be secured in foreign countries for the sale of grains and provisions, was reiterated in the press and on the stump with as much vigor as in 1846.

The old appeal.

The policy for the promotion and extension of the industries of the country advocated by the Republican party was embodied in the McKinley bill, which became a law on October 1, 1890.

It was thought by protectionists that if concessions were made, even at a sacrifice, the tariff agitation would cease for years to come. In fact it was a general belief that the bill of the Tariff Commission if accepted would stand for at least twenty years. Consequently the changes were made. The cotton schedule was cut down, while the duties on many forms of iron and upon agricultural products were lowered beyond the point of safety. Moreover such changes were made in the wool and woolen schedule as to affect those industries most disastrously. And here is to be seen the insidious craftiness of the Cobdenites and their American allies. In 1883 as in 1888 and 1894 the fiercest part of the battle was waged against our wool and woolen interests. England could not hope to break down our iron industries. We had long since ceased to depend upon her for those products. But in the wool industry she inserted an entering wedge and that wedge has already made a large gap. In 1867 when the protective wool tariff went into effect we had 39,385,386 sheep. In 1884 they numbered 50,626,626, the highest number this country had ever known. But the effect of the tariff of 1883 was such as to reduce the number to 42,599,079 in 1889. The true measure of the growth of the wool industry, however, is not so much the number of sheep as the amount of fleece. The number of pounds of wool grown in 1867 was 160,000,000. In 1884 it had increased to 300,000,000 pounds, but had fallen off again to 265,000,000 pounds in 1889. These figures most vividly illustrate the workings of the tariff in wool production.

With adequate protection we would soon have 100,000,000 sheep and grow every pound of wool we need. "But," says the free trader, "we can't grow all kinds. It is necessary to import a certain quantity of the finer wools and we should not tax that when by importing it free it would give increased employment to laborers in our woolen mills and cheaper clothing to all." This fallacy has been exploded so many times

Note. The following preliminary statement of the industrial and economic conditions existing in the United States immediately preceding the enactment of the McKinley bill was written in 1895, and should be read with that date in mind.

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that it seems superfluous to refer to it again. Pages of testimony can be given to prove that we can raise as fine wool here as in any part of the world—that we can by proper protection and development raise *any* and *all* kinds. The following quotation is from a letter written by Secretary of Agriculture, Hon. J. M. Rusk, to Colonel Albert Clarke, dated February 28, 1890:

Evidence to show that the United States can raise all kinds of wool.

"*It* [the United States] *can produce with no limitations of practical importance, all the races and breeds of sheep in the world.*"

Another extract from the same letter is as follows:

"As to carpet wools: The principal reason why they have not been produced in sufficient quantities is because they have been discriminated against in tariff rates."

The American Consul at Sidney, New South Wales, G. W. Griffin, in his report to the Department of State, March 23, 1891, says:

"The samples of American wool and especially those grown in the State of Ohio, sent to Melbourne International Exposition, were admitted by experts to be far superior to anything of the kind ever grown in these colonies."

William Whitman, president of the National Association of Wool Manufacturers, in an official letter to Jesse Metcalf, November 22, 1889, said:

"In my judgment the American staple wools are better adapted for the fabrication of satisfactory clothing for the American people than any other wool grown."

But we are told by the free trader that we must needs import certain wools to "mix" with our own. The following testimony of a manufacturer of woolen goods will refute this claim. Charles Fletcher, of the Providence Worsted Mills, in a letter, February 18, 1890, to the Boston Home Market Club, said:

"The talk of '*mixing*' Australian wool to make goods required for this market is all nonsense, as Australian wools are only used largely here when they are cheaper than domestic wool." On February 21, 1890, Justice, Bateman & Co., with a knowledge of the real facts unsurpassed by any experts in the world, wrote:

These statements are not correct in any particular. The finest and strongest wool ever raised in any part of the world has been raised from Saxony sheep in the section of the country where the rivers flow toward and into the Ohio Valley. It has decreased because the American wool-growers are handicapped by the reduced tariff of 1883, and cannot compete with the Australian wool-growers. With regard to carpet wool, the wool houses of Philadelphia formerly sold millions of pounds of carpet wool from New Mexico. Carpet manufacturers declared that it was the best carpet wool in the world.

William L. Black, of Fort McKavett, Menard County, Texas, a prominent wool grower of that State, in a letter January 7, 1889, published in the Philadelphia Manufacturer of March, says:

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"It is, in my opinion, quite possible to produce carpet wools profitably in the United States, and this will certainly be done if the tariff is amended to protect this branch of the industry."

A. E. Shepard, president Texas Wool Growers, in a letter to William Lawrence, January 16, 1888, said:

"I say most emphatically that with sufficient wool protection the United States can produce a sufficient quantity of carpet wool to supply the carpet wools of this country."

J. F. Gibbs, of Greeley, Colo., January 2, 1890, before Committee of Ways and Means, First Session, Fifty-first Congress, Tariff Hearings, p. 184, said as to carpet wool sheep in Colorado:

"Ten years ago the coarse-wooled American sheep were abundant. The low duty on carpet wool has driven them all from the field. They were the poor man's sheep, good 'rustlers,' good mothers, and prolific. They were the sheep for the plain lands where there was no chance to put up hay for the winter."

Surely this is conclusive testimony as to our ability to raise our own wool.

Advantage of home production of wool.

With our own decline in wool products came of course increased importation as shown in the following table:

IMPORTATION OF WOOL AND WOOLENS.

Wool.	1883. Pounds.	1889. Pounds.
Clothing,	11,546,530	29,226,317
Combing,	1,373,113	6,869,871
Carpet,	40,130,322	90,391,451
Manufactured goods,	92,991,518 [1]	157,000,000
	146,041,483	283,487,729

But the loss is not only one of sheep and wool. Increase of sheep means increased labor in raising them, and corresponding wages. The industry would add a quota to the railroads and canals, with increased demand for labor to those engaged in transportation. It would increase farm values. It would give value to lands fit for no other industry. It would add to the number of pelts—again giving employment and wages to an increased number of men. It would give an increased mutton supply, benefiting producer and consumer alike, the farmer gaining a double revenue from meat and wool. Moreover sheep consume grain, and with 100,000,000 sheep there would be no corn burned, no wheat or oats gone to waste. In short, the benefit would be incalculable and we can well see why England and her allies in the United States, when they want to strike down an important industry, attack our sheep. Continued free wool means ruin to our sheep industry. The flocks of Australia, the Argentine Republic and other countries are too large, their pasturage and labor too cheap, for us

[1] Average 6 years, 1877-1882.

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to compete with them. If we are to raise our own wool we must have adequate protection. The only contention then remaining is regarding price. Free wool may mean cheaper wool, but even if protected wool is a little higher than foreign wool, any increased price is far more than compensated for by the benefits of the wool industry. But free wool would not mean cheaper wool permanently. Protection does for a time enhance prices, but our vast area and abundant tracts of land suitable for sheep raising, and the competition that would result with sufficient protection, would soon bring the price to an equitable basis, as it has in the case of every other American product.

The tariff of 1883 a compromise measure.

It has been wondered why a Republican Congress should have given such a blow to the sheep industry as was done in the bill of 1883. In this connection, the following, from a speech by Mr. McKinley in the House, April 7, 1884, will be interesting:

> It is only proper that I should state that the last House never had an opportunity to vote upon the wool duty as a separate proposition, but was compelled to vote upon the Senate bill as agreed to in the conference committee as a whole. The alternative was then presented to the House of passing the bill as an entirety, which involved reductions in custom rates and large reductions of internal revenue taxes amounting to $40,000,000 annually, or defeat it, and thus lose everything of good which the bill contained. Had the question of disturbing the wool duty been presented distinct and separate, the reduction would never have taken place. This was shown when the Ways and Means Committee authorized one of its members to offer as a committee amendment the wool duties of 1867, which would have been presented and passed had the consideration of this schedule ever been reached in the House. Nor would the conference committee have failed to correct the wrong if it had not been made manifest by repeated votes in the Senate that the increase proposed upon wool would certainly have defeated the bill in the Senate.

It has been stated that the law of 1883 was a law of compromises and concessions; that it was a general belief that the tariff question would rest for many years; but as soon as the Democratic House of 1883 got to work a free trade measure was reported, known as the Horizontal Reduction Morrison Bill, but it failed to pass even the House. Other bills were reported in 1886, but failed, and the tariff of 1883 was left undisturbed till 1890. In 1884, however, for the first time since the war, a Democrat and free trader was elected President. The influence of the Cobden Club's tracts had been effective. Mr. Cleveland, though an accidental man, was destined to leave his mark on the industrial and financial interests of the country. When a Democratic Congress assembled in 1887, he submitted his famous free trade message. This message was only a reiteration of the chief arguments of the Cobden Club pamphlets, which had deluged the country and showed that Mr. Cleveland had read them closely and with a good memory.

The President was evidently an easy convert to Cobdenism. His message gave no sign of originality, no new points, no fresh thought. It

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was simply one more threshing of the old straw. The London Times then said: "It is certain that the arguments which President Cleveland urges are those which Cobden used to employ forty-five years ago, and which any free trader could employ now."

The message was hailed with joy in Great Britain, as may be seen from the following dispatch sent to the New York Herald by a member of parliament:

"To convert the United States is indeed a triumph. The Cobden Club will henceforth set up a special shrine for the worship of President Cleveland and send him all its publications gratis. Cobden founded free trade, Cleveland saved it."

The Mills bill.

In 1888 came the Mills bill, and a reopening of the whole question. It was impossible to pass any kind of a free trade bill, but months were spent in speech-making by members of both House and Senate. The so-called Mills bill was one of the most iniquitous acts ever framed. But Mr. Mills was at least honest in his utterances. He did not hesitate to say free trade when he meant free trade. There were others, too, in the Democratic party who used the same term without flinching, but most of our free traders preferred another term. The New York branch of the Cobden Club, which for years had been called the Free Trade Club, was now called the Reform Club. Congressmen and college professors followed by Democratic speakers and editors, took up the word, and "reform" was used instead of "free trade." Especially was the blow aimed at the American farmer. Free wool was made the keystone, free raw material the war cry, free trade the end in view. Unlike other free trade measures, the Morrison bill for example, it favored the industries of one section of the country, while it menaced those of another.

The following from a speech of Senator Plumb, states tersely the class of men who framed the bill as well as their methods:

> The committee consists nominally of thirteen members, five of whom are Republicans and eight Democrats, but six of the latter come from States recently under the thraldom of slavery, namely, Texas, Arkansas, Kentucky, Georgia and West Virginia—these States thus furnishing six-eighths of this important committee; and I say this advisedly, for while there are nominally five Republican members, the bill comes solely from the eight Democratic members, not one of the Republicans having been permitted to see the bill, or even to know a single syllable it was to contain until it had been published to the country. Every Republican on that committee might as well have been at their homes as dancing attendance at the committee-room while this bill was being formulated. It is a delusion to think that there were thirteen members on that committee; there were but eight, the five appointed from manufacturing States and favoring protection were absolutely ignored; they were not permitted to participate in the work of the committee, and were not recognized as having any right to act or to have a voice in its deliberations; and of the eight practically constituting the committee, six, as I have shown, come from a particular section.[1]

[1] Congressional Record, p. 4924.

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TABLE

Table Showing Comparative Growth of Principal

Compiled from Census

Marginal Number.	INDUSTRIES.	Number of Establishments.		Number of Hands Employed.	
		1880.	1890.	1880.	1890.
1	Agricultural implements,	1,943	910	39,580	42,544
2	Ammunition,	4	35	1,066	2,267
3	Bags, other than paper,	37	64	2,242	3,760
4	Boots and shoes,	1,959	2,082	111,152	139,333
5	Bread and other bakery products,	6,396	10,484	22,488	52,762
6	Brick and tile,	5,631	5,828	63,355	109,151
7	Carriages and wagons,	3,841	8,614	45,394	73,453
8	Cars, street railroad,	130	166	14,232	35,929
9	Chemicals and allied products,	1,349	1,626	29,520	43,701
10	Clay and pottery products,	752	707	10,221	20,296
11	Clothing, men's,	6,166	18,658	160,813	243,857
12	Clothing, women's, factory products,	562	1,224	25,192	42,008
13	Coffins, burial cases, etc.,	769	1,562	4,415	9,658
14	Confectionery,	1,450	2,921	9,801	27,211
15	Corsets,	113	205	8,802	11,370
16	Cotton,	756	905	174,659	221,585
17	Coke,	126	218	3,140	9,159
18	Dentistry, mechanical,	753	3,214	541	4,737
19	Dyeing and finishing textiles,	191	248	16,698	20,627
20	Electrical apparatus and supplies,	76	189	1,271	9,485
21	Engravings, etc.,	479	817	3,347	5,642
22	Fertilizers,	364	390	8,598	10,158
23	Foundry and machine shop products,	4,958	6,475	145,351	247,754
24	Furnishing goods, men's,	161	586	11,174	22,211
25	Furniture,	6,008	5,973	62,662	92,504
26	Glass,	211	317	24,177	45,987
27	Hats and caps (not wool),	489	705	17,240	27,193
28	Hosiery and knit goods,	359	796	28,885	61,209
29	Iron and steel,	792	719	140,798	175,506
30	Jewelry,	752	859	12,880	16,053
31	Lumber mills and saw mills,	25,708	21,011	147,956	286,197
32	Marble and stone work,	2,846	3,373	21,471	35,989
33	Musical instruments and materials,	429	674	11,350	19,428
34	Newspapers and periodicals,	3,467	16,566	58,478	165,227
35	Paints,	244	382	4,483	8,737
36	Paper,	692	567	24,422	29,568
37	Paving and paving materials,	46	704	757	22,730
38	Petroleum, refining,	86	94	9,869	12,471
39	Roofing and roofing materials,	493	2,140	3,082	13,333
40	Saddlery and harness,	7,999	7,931	21,446	30,326
41	Salt,	268	200	4,289	4,455
42	Silk,	382	472	31,337	50,913
43	Smelting and refining,	4	50	311	1,765
44	Steam fitting and heating apparatus,	95	217	2,474	11,779
45	Wool,	2,689	2,489	161,557	219,132

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No. 1.

Manufactures in the United States, 1880–1890.
of the United States.

Wages Paid.		Cost of Material Used.		Value of Product.		Increase Per Cent Wages Paid.	Increase Per Cent Value of Product.	Marginal Number.
1880.	1890.	1880.	1890.	1880.	1890.			
Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*			
15,359,610	21,811,761	31,531,170	31,603,265	68,640,486	81,271,651	42	18	1
361,778	1,110,482	1,223,452	2,759,782	1,904,966	6,538,959	207	243	2
776,026	1,462,011	8,027,770	12,657,270	9,726,600	16,355,365	88	68	3
43,001,438	66,375,076	102,442,442	118,785,831	166,050,354	220,649,358	54	33	4
9,411,328	28,789,047	42,612,027	72,507,579	65,824,896	128,421,535	206	95	5
13,443,532	32,695,189	9,774,834	12,639,597	32,833,587	67,770,695	143	106	6
18,988,615	40,198,522	30,507,086	49,889,173	64,951,617	114,551,907	112	76	7
5,507,753	19,445,698	19,780,271	47,528,561	27,997,591	76,352,199	253	173	8
11,840,704	25,321,077	77,494,425	106,521,980	117,377,324	177,811,833	114	51	9
3,600,727	10,138,143	2,909,063	5,618,401	8,977,333	22,057,090	182	146	10
45,940,353	111,389,672	131,363,282	179,425,661	209,548,460	378,022,815	142	80	11
6,661,005	18,812,787	19,559,227	34,277,219	32,004,794	68,164,019	182	113	12
1,895,895	5,554,409	3,776,222	9,203,941	8,157,760	20,013,694	193	145	13
3,212,852	11,633,448	17,125,775	31,116,629	25,637,033	55,997,101	262	118	14
1,745,969	4,062,815	3,686,821	5,662,140	6,494,705	12,401,575	133	91	15
42,040,510	69,489,272	102,206,347	154,912,979	192,090,110	267,981,724	65	40	16
1,197,744	4,186,264	2,995,441	11,509,737	5,359,489	16,498,345	249	208	17
269,014	3,481,189	455,037	1,475,255	1,860,647	7,864,299	1194	323	18
6,474,364	9,717,011	13,664,295	12,385,220	32,297,420	28,900,560	50	[1] 10	19
683,164	5,366,188	1,116,470	8,819,498	2,655,036	19,114,714	685	620	20
2,744,821	4,104,361	1,006,891	1,396,912	4,999,273	7,294,143	50	46	21
2,648,422	4,671,831	15,595,078	25,113,874	23,650,795	39,180,844	76	66	22
65,982,133	148,389,063	103,345,083	171,145,156	214,378,468	412,701,872	125	93	23
2,644,155	7,589,349	6,503,164	15,280,572	11,506,857	29,870,946	187	160	24
25,048,414	48,792,752	40,011,090	55,125,830	85,004,618	135,627,332	95	60	25
9,144,100	22,118,522	8,028,621	12,140,985	21,154,571	41,051,004	142	94	26
6,635,522	14,111,747	9,341,352	16,160,802	21,303,107	37,311,539	113	75	27
6,701,475	18,263,272	15,210,951	35,861,585	29,167,227	67,241,013	173	131	28
55,451,510	95,736,192	191,271,150	327,272,845	296,557,685	478,687,519	73	61	29
6,492,688	10,857,967	10,373,540	16,593,660	22,333,291	36,215,511	67	62	30
31,845,974	87,784,433	146,155,385	231,555,618	233,268,729	403,667,575	176	73	31
10,238,885	25,363,521	12,743,345	26,868,904	31,415,180	62,595,762	147	99	32
7,098,794	13,306,383	8,361,227	14,435,563	19,254,739	36,868,169	87	91	33
30,531,657	105,083,075	32,460,395	68,858,915	90,789,341	275,452,515	244	203	34
2,132,255	5,605,626	17,062,552	24,930,532	23,390,767	40,438,171	163	73	35
8,525,355	13,746,584	33,951,297	42,223,314	55,109,914	74,309,388	61	35	36
244,339	10,450,970	576,301	13,891,005	1,024,243	30,644,072	4177	2892	37
4,381,572	6,989,478	34,999,101	67,918,723	43,705,218	85,001,198	60	94	38
1,411,133	8,553,026	3,382,354	14,712,379	6,227,284	29,412,813	506	372	39
7,997,752	16,030,845	19,968,716	24,674,225	38,081,643	52,970,801	100	39	40
1,260,023	1,782,491	2,074,049	1,826,770	4,829,566	5,441,303	41	13	41
9,146,705	19,680,318	19,208,683	46,351,200	34,519,723	69,154,599	115	100	42
158,300	1,122,353	8,171,900	25,285,191	8,411,100	28,188,826	609	235	43
1,305,739	7,594,395	2,857,000	10,628,314	5,127,842	23,147,434	482	351	44
47,389,087	76,660,742	164,371,551	203,095,572	267,252,913	337,768,524	62	26	45

[1] Decrease per cent.

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The chairman of this committee, Mr. Roger Q. Mills, had declared on the floor of the House in favor of "free men, free labor and free trade." He had further said: "The more confusion the tariff makes to business the better I like it, because then it will the sooner be done away with. I desire free trade and I will not help to perfect any law that stands in the way of free trade."

Free trade and Democracy.

At the close of the debate the following colloquy occurred:

Mr. McComas (Rep.) "Has any friend of this bill in this debate uttered one sentence in favor of the American tariff system which discriminates in favor of the home producer and laborer?"

Mr. Hooker (Dem.) "No; there was no one, and you will not find any Democrat to utter one."

Such was the attitude of the leaders of the Democratic party. Not one among them raised a voice in favor of American labor, American manufactures or American farmers. Their abilities, unflagging industry and their ingenuity in debate were all exerted to stimulate the employment of foreign labor, to foster the growth of foreign manufactures and to promote the cultivation of the soil of foreign powers. The question of how to reduce the surplus in the treasury without injuring domestic industries; the question of aiding domestic manufacture by removing the duties from raw materials upon which they appealed to the people of the manufacturing States for support, as well as the plan suggested in the platform of 1884 of a moderate reduction of duties leaving sufficient protection for American labor, were eliminated. Free trade was the great object to be accomplished; protection was to be destroyed.

Growth under protection.

The adverse legislation of 1883 and the constant menace of free trade brought about by Mr. Cleveland's election in 1884 and his message of 1887, together with the proposal of the Mills bill and the constant agitation of the tariff question, had a depressing effect on the industries and business of the country, but the beneficence of a protective tariff was felt on every hand and with the most marvelous results. The ten years from 1880 to 1890 witnessed a great expansion and growth of industries. Our wealth increased from $43,000,000,000 to $65,000,000,000, a gain of over 50 per cent. Our savings gained in like proportion. Our manufactures increased over 75 per cent; hands employed, 75 per cent; capital invested, 133 per cent; and wages paid, 140 per cent. We built 73,000 miles of railroad and our product of iron and steel showed an increase of about 200 per cent. During these years, too, our national debt was decreased by $998,679,940. An examination of Table No. 1, on pages 106 and 107, exhibiting the comparative growth of the principal manufactures of the United States from 1880 to 1890 will be found most instructive. The increase in wages earned was 180 per cent, while the increase in the value of the product was 73 per cent.

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In closing the brief review of the legislation between 1860 and 1890, and the reference in a general way to the progress of the nation during the several decades spoken of, the writer has compiled the following table exhibiting the general features of the wonderful progress which has been made during the thirty years beginning with 1860 and closing with 1890.

TABLE NO. 2.

Table Showing General Progress of United States, 1860 to 1890. Compiled from Census Reports, and United States Statistical Abstract.

No.		1860.	[1]1870.	1880.	1890.	Increase Per Cent 1860 to 1890.	No.
1	Population,	31,443,321	38,558,371	50,155,783	62,622,250	99	1
2	Wealth,	$16,159,616,068	$30,068,518,507	$43,642,000,000	$65,037,091,197	302	2
3	" per capita,	$514	$780	$870	$1,039	102	3
4	Savings banks' deposits,	$149,277,504	$549,874,358	$819,106,973	$1,524,844,506	921	4
5	" " " per capita,	$4.75	$14.26	$16.33	$24.35	413	5
6	Number of depositors,	693,870	1,630,846	2,335,582	4,258,893	514	6
7	Products of manufactures,	$1,885,861,676	$4,232,325,442	$5,369,579,191	$9,372,437,283	397	7
8	Number of establishments,	140,403	252,148	253,852	355,415	153	8
9	Capital invested,	$1,009,855,715	$2,118,208,769	$2,790,272,606	$6,524,475,305	546	9
10	Hands employed,	1,311,246	2,058,996	2,732,595	4,712,622	259	10
11	Wages paid in manufactures,	$378,878,966	$775,584,343	$947,953,795	$2,283,216,529	503	11
12	Material used,	$1,131,005,092	$2,488,427,242	$3,396,823,549	$5,162,044,076	356	12
13	Products of agriculture,	[6]$1,600,000,000	$2,447,538,658	[7]$2,212,540,927	[8]$2,460,107,454	54	13
14	Farm values,	$6,645,045,007	$9,262,803,861	$10,197,096,776	$13,279,252,649	100	14
15	Products of mining,	. . . . .	$152,598,994	$369,319,000	[8]$587,230,662	285	15
16	[2]Railroad mileage,	30,626	52,922	93,296	166,706	441	16
17	Manufactures of iron and steel,	$98,330,584	$207,208,696	$296,557,685	$478,687,519	387	17
18	[3]Manufactures of iron and steel rails, tons,	183,070	553,571	1,305,212	1,885,307	930	18
19	[3]All kinds of steel, chiefly ingots, tons,	11,838	68,750	1,247,335	4,277,071	36,030	19
20	[3]Manufacture of pig iron, tons,	821,223	1,665,179	3,835,191	9,202,703	1,021	20
21	[4]Production of wool, pounds,	60,364,913	100,102,387	232,500,000	276,000,000	357	21
22	Number of sheep,	22,471,275	28,477,951	40,765,900	44,336,072	97	22
23	Production of cotton, bales,	5,387,052	3,011,996	5,755,359	7,472,511	39	23
24	[5]Manufacture of wool,	$68,865,963	$199,137,362	$267,252,913	$338,231,109	391	24
25	" " cotton,	$115,681,774	$177,489,739	$210,950,383	$267 981,724	132	25
26	Production of wheat, bushels,	173,104,924	287,745,626	459,483,137	468,373,968	170	26
27	" " corn, "	838,792,742	760,744,549	1,754,591,676	2,122,327,547	153	27
28	Consumption of raw wool, pounds,	95,452,159	214,373,219	287,597,334	351,158,020	268	28
29	Consumption of cotton, pounds,	422,704,975	398,308,257	750,343,981	1,117,945,776	164	29
30	Chemicals,	$4,705,741	$19,417,194	$38,173,658	$59,352,548	1,161	30
31	Manufacture of silk,	$6,607,771	$12,210,662	$41,033,045	$87,298,454	1,226	31
32	Clay products, pottery, etc.,	$2,463,681	$6,045,536	$41,810,920	$84,827,785	3,343	32
33	Printing and publishing,	$31,063,898	$66,862,447	$90,789,341	$275,452,515	787	33
34	Glass,	$8,775,155	$19,225,862	$21,154,571	$41,051,004	368	34
35	Foreign trade,	$687,192,176	$828,730,176	$1,503,593,404	$1,647,139,093	140	35
36	Immigration, total up to,	5,285,335	7,735,855	10,690,550	15,866,772	200	36
37	National debt (interest bearing),	[9]$2,381,530,295	$2,046,455,722	$1,723,993,100	$725,452,515	*a*70	37
38	Debt, per capita,	$70.05	$60.46	$38.27	$14.22	*a*78	38

Need of protection to build up new industries.

The renewed agitation of the tariff question brought to the notice of the public not only the industrial development which had taken place under protection during a period of thirty years, but the condition of the

[1] Deduct one-fifth from all values. [2] From Poor's Manual. [3] From Report of the American Iron and Steel Association. [4] From Department of Agriculture. [5] From North's Wool Book. [6] Estimated. [7] 1879. [8] 1889. [9] 1865. *a* Decrease per cent.

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people; what they were doing, and what they were capable of accomplishing. Not only the great variety of articles which we had learned to make, but the vast number which we were still buying from Europe and unable to manufacture in our own factories under existing duties was brought to light. It was found that notwithstanding the marvelous development which had taken place in the manufacture of textiles, metals and other articles that the people of the United States were still importing each year vast quantities of goods which might be made at home. It was discovered that, while the duties were sufficiently high to afford ample protection to those engaged in the manufacture of nearly all coarser and more ordinary articles, it had as yet in many lines, not been increased to a point which would insure the production of more elegant and costly fabrics, as well as a number of the commoner sorts of articles. The duty upon tin plate had been so low that every effort to establish factories in America had been defeated by competitors from England. We had been buying $250,000,000 worth of goods a year, which under proper tariff regulations could be made as well at home. The duties were so low on lace curtains, plushes, pearl buttons, worsteds, ladies' dress goods and a large variety of the finer fabrics that foreign manufacturers were successfully competing with our own people and preventing the establishment of these industries in the United States. The result was to deprive our own labor of employment in their production. By increasing the duties on this class of articles capital and labor would be turned to their production which would add greatly to the field of our enterprises and give additional employment to our capital and labor. Again, we were annually importing $89,000,000 of sugar and molasses which was depriving the American farmer of a valuable industry. Continental countries, as has been shown, had developed a system of making sugar from beet roots. It was found that the States of Iowa, Kansas and Nebraska, and many other sections of our country were well adapted to the growth of this product, and that by extending to them proper protection, the incomes of their farmers could be greatly enhanced by the establishment of this industry. Not only the beet root industry was remaining undeveloped, but the cane sugar industry of Louisiana and Texas was languishing. Our population was increasing. The productive capacity of our people, through the use of machinery, was year by year greatly augmented and it was desirable to make as many opportunities for the employment of our labor as possible. Besides the tendency of all nations, with the exception of England, was found to be in the direction of developing domestic resources and producing and making at home everything possible. The protection and growth of agriculture, even in densely populated Europe, had been so great that the demand for foreign farm products was diminishing. Besides, the development of agricultural regions in South America and Australia had brought into the field new

No hope of an extensive market abroad.

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and strong competitors with our farmers in the European market. Again, Russia, Austria-Hungary and Roumania through the introduction of agricultural machinery and improvements in farming, were every year raising a large surplus of farm products, which were seeking this same market in competition with American farmers; and through railway communications lying nearer the markets of Western Europe than the United States, they were able to undersell them.

Need of increasing the home market.

With these economic changes taking place throughout the world, with vast agricultural producing countries lying on every continent, with a surplus product for sale, and only a comparatively few people in the United Kingdom and Western Europe, who were purchasers of farm products, the chances of a foreign market for our farms were not only yearly diminishing, but the competition had become so great that sales must be made at prices which were unremunerative. The necessity for preserving the home market was not only greater than ever, but these circumstances had forced upon us the imperative duty of enlarging the home market. How then could this be accomplished? Not by moving in the direction of free trade and destroying industries already established; not by relying on the sale of our products in foreign countries, but by increasing the incomes and purchasing power of our own people, by enlarging the field of their occupations and employments. Not by tearing down, but by building up. Not by separating the farmer further from the consumer, but by bringing him nearer to the one who was to purchase his commodities. This could be accomplished by increasing the number of factories, the number of artisans and extending further that policy which since 1860 has brought about the most marvelous industrial growth and development.

But the wonderful advancement made during the past third of a century is, after all, but an indication of the possibilities within our reach. Our accomplishments, great as they have been, are yet but a beginning. Our vast territory, our almost inexhaustible resources, our tireless and ambitious people, possessing endless capabilities, all point to an expansion of national growth and industrial activity of a magnitude only to be measured by opportunity and time. It is only by a diversification of industry, employing every hand and with the greatest advantage to all, that this can be brought about. It is only by a vigorous and continued policy of protection that we can reap the advantages of our opportunities.

The Statistical Abstract of the United States shows that in 1890 we purchased from foreign countries manufactured articles of the value of $295,897,655.

The following computation, based on the imports of 1889, was made by Colonel Albert Clarke, of the Home Market Club, of Boston, showing the employment which would be given to labor by the production of some of the principal articles imported into the United States, as follows:

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DUTIABLE IMPORTS, 1889,

And the Number of Men, Women and Children who would have been Employed in Producing them in this Country.

KIND OF GOODS.	Amount Imported.	Men.	Women.	Children.	Total.
Cotton hosiery,	$6,389,325	4,025	14,088	2,013	20,126
Musical instruments and parts thereof,	1,721,428	. . . .	. . . .	. . .	8,000
Steel billets,	2,460,390	3,250	. . . .	. . .	3,250
Firearms,	1,159,157	800	. . . .	. . .	800
Coal-tar dyes,	1,686,456	1,500	. . . .	. . .	1,500
Knit goods (cotton),	. . . . .	. . . .	. . . .	. . .	19,000
Files,	65,223	. . . .	. . . .	. . .	60
Cotton manufactures (bleached, dyed, colored, etc.),	3,696,194	1,343	1,672	74	3,089
Silks,	35,122,766	. . . .	. . . .	. . .	35,000
Still wines,	3,452,359	4,000	[1] 500	. . .	4,500
Condensed milk,	85,485	[2] 100	. . . .	. . .	100
Cotton machinery,	2,445,379	1,600	. . . .	. . .	1,600
Wood manufactures,	9,609,687	13,332	. . . .	. . .	13,332
Feathers and flowers (artificial),	979,861	150	2,000	. . .	2,150
Thread, twine, etc.,	. . . . .	230	420	150	800
Yarns,	. . . . .	180	320	100	600
Iron and tin plate,	21,669,669	38,050	1,750	. . .	39,800
Cutlery,	2,362,537	2,250	180	. . .	2,430
Brown or bleached linens, ducks, canvas, etc.,	14,741,295	5,000	5,000	5,000	15,000
Corsets,	869,957	150	1,250	. .	1,400
Clocks,	420,822	200	50	50	300
Cotton manufactures (not bleached, dyed, etc.; bleached, dyed, colored),	3,899,294	2,300	4,600	700	7,600
Iron and steel forging,	164,292	75	. . . .	. . .	75
Iron and steel. Manufactures of cotton ties, hoops, bands, etc.,	1,807,532	2,000	. . . .	. . .	2,000
Stone,	431,839	1,000	. . . .	. . .	1,000
Marble,	574,738	500	. . . .	. . .	500
Thread, twine, etc., yarn,	1,435,331	. . . .	. . . .	. . .	2,000
Brass castings,	2,465,394	329	. . . .	. . .	329
Paper,	2,542,383	300	350	. . .	650
Paints and colors,	1,249,811	40	15	10	65
Thread (not on spools),	860,703	204	262	309	775
Brushes,	654,651	. . . .	. . . .	. . .	1,500
Earthen, stone and china,	5,422,949	6,000	3,000	1,500	10,500
Chains of iron and steel,	84,600	45	. . . .	. . .	45
Knit goods (wool),	1,623,736	. . .	. . . .	. . .	900
Fish,	2,105,092	5,600	200	. . .	5,800
Fur dressed on the skin (not including manufactures of fur),	5,328,056	. . . .	. . . .	. . .	[3] 50,000
Totals,	$139,588,391	94,553	35,657	9,906	248,593

Now, if the importations of $139,588,391 worth of goods kept out of employment in the same lines of production 248,593 persons in this country, it is inferable that the total dutiable imports deprived of similar work in this country nearly 800,000 people.

[1] Five hundred women and children two months in the year. [2] One hundred men and women. [3] The number estimated to be employed in Europe.

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These figures standing alone, important as they are, express only a small part of what might be accomplished by a revision of the tariff on the lines of protection to home industries. The Republican party, in entering upon the legislation of 1890, was prompted not only by a spirit of patriotism, but controlled by the same wisdom and statesmanship which had guided the founders of the republic in establishing the "American System." It had in view, not only the preservation of the industries already established, but the extension of our field of production to all of those articles and wares which were being imported. This was a step in advance. It was an effort to plant new industries, to give increased employment to labor, to add to the incomes and opulence of our people and to aid in the development and enrichment of every State and Territory. The future industrial growth of the United States involved a steady expansion of industries to keep pace with the increasing population, not only in the East, but in the South and West as well. Wonderful changes and new conditions had been forced upon us. The most important were found within our own borders. During the last quarter of a century an empire had arisen west of the Mississippi River, with boundless resources and a future filled with immeasurable industrial possibilities. The great Northwest, the States of Minnesota, the two Dakotas, Montana, Idaho, Washington and Oregon are larger in area than all the States lying east of the Mississippi River, excluding the State of Maine. With inexhaustible agricultural and mineral resources, with vast power and with an industrious, enterprising and ambitious population, this territory alone is capable, under a proper system of diversified industries, of sustaining a population of 300,000,000 of people. Kansas and Nebraska, although presenting, from 1870 to 1890, a most marvelous accumulation of wealth, were ready to add to their great agricultural development many departments of manufacturing. The Pacific States, Texas, New Mexico, Arizona, Colorado, Utah and Nevada could all increase their wealth and importance by diversifying their industries. The cities of the West would furnish a market for the fruits of California, while the wool and cotton of Texas could be worked up in factories near by. The new South had (1890) just entered upon an industrial career which was attracting to it the capital, skill and enterprise of the country. The last few years had produced most wonderful results as compared with the inactivity of generations ago. Mills were being erected and put in operation to make up the cotton grown in the neighboring fields. Foundries were consuming the coal of the mines near by. Labor was being more and more fully employed, resulting in a constant increase of markets for products of Southern farmers. The industrial exhibition held in Atlanta, Georgia, in 1895, attracted the attention of the whole world, and from that time on the South has been a most important factor of our industrial system.

The purpose of the protective policy of 1890.

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Industrial progress of the South, from 1880 to 1890, under protection.

Not until 1880 had the South recovered sufficiently to begin manufacturing on a substantial basis. What it accomplished in ten years can be seen from the following:

STATE.	Year.	Wages.	Value of Product.
Alabama,	1880	$ 2,500,504	$ 13,565,504
"	1890	12,676,029	51,226,605
Arkansas,	1880	925,358	6,756,159
"	1890	5,749,888	22,659,179
Florida,	1880	1,270,875	5,546,448
"	1890	6,513,068	18,222,890
Georgia,	1880	5,266,152	36,440,948
"	1890	17,312,196	68,917,020
Kentucky,	1880	11,657,884	75,483,377
"	1890	27,761,746	126,719,857
Louisiana,	1880	4,360,371	24,205,183
"	1890	13,159,564	57,806,713
Maryland,	1880	18,904,965	106,780,563
"	1890	41,526,832	171,842,593
Mississippi,	1880	1,192,645	7,518,302
"	1890	4,913,863	18,705,834
North Carolina,	1880	2,740,768	20,095,037
"	1890	7,830,536	40,375,450
South Carolina,	1880	2,836,289	16,738,008
"	1890	6,590,983	31,926,681
Tennessee,	1880	5,254,775	37,074,886
"	1890	16,899,351	72,355,286
Texas,	1880	3,343,087	20,719,928
"	1890	18,586,338	70,433,551
Virginia,	1880	7,425,261	51,780,992
"	1890	19,644,850	88,363,824

It should be noted that, great as was the increase of product, the per cent increase in wages paid was still greater in every State.

It is most amazing to the protectionists of the country that the business men of the South should give a blind adherence to the policy of free trade, when the very progress which has taken place among them during recent years has been made possible through the protective tariffs which shield them from ruinous foreign competition. If manufactured goods were being poured into the country from the Old World they could not induce capitalists to build factories in their midst. They would be forced to sell their wares under such sharp and injurious competition that their enterprises would become unremunerative and languish and die out, and they would be left again to the production of cotton as the principal means of support. Their cities and towns would cease to grow and their people would be doomed to rural pursuits. The progress which has been made in developing diversified industries in the Southern States, during the ten years from 1880 to 1890, should furnish them a profitable lesson in economics.

Further evidence of progress in the South.

The following table, compiled from the census of the United States, exhibits still further the progress which has been made in the Southern States under protection from 1880 to 1890:

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	1880.	1890.	Per cent.
Total population,	14,638,936	17,556,920	19.9*
Whites,	9,007,187	11,361,996	26.2*
Colored,	5,631,749	6,194,924	10.0*
Actual wealth,	$6,098,000,000	$9,751.815,635	62.5*
State debts (net),	$118,195,252	$96,460,126	18.4†
Total public indebtedness,	$189,345,464	$183,772,353	3.0†
Total State revenues,	$13,249,866	$26,533,260	100.0*
Banking capital,	$92,575,000	$171,690,670	86.1*
Capital invested during decade,	. . . . .	$2,339,170,000	. . .
Railroad mileage,	19,572	41,118	110.1*
Men employed,	86,250	188,731	118.8*
Cost of railroad equipment, etc.,	$612,000,000	$1,301,096,740	110.9*
Number of manufactories,	34,563	56,714	64.2*
Capital,	$179,366,230	$551,483,900	207.0*
Value of product,	$315,924,704	$742,865,200	135.2*
Cotton mills,	161	334	107.4*
Value of products,	$16,353,182	$54,191,600	231.4*
Cotton seed products, value,	$7,690,921	$27,310,836	267.1*
Pig iron produced, tons,	290,772	1,684,663	480.9*
Steel produced, tons,	4,380	183.625	4,121.0*
Coal produced, tons,	3,820,550	17,536,456	362.9*
Precious metals, value,	$225,176	$712,789	218.0*
Total minerals, value,	$3,643,020	$35,608,615	877.5*
Value of lumber output,	$35,680,151	$102,122,100	183.4*
Value of forest products,	$46,979,062	$123,998,800	163.8*
Lands under crops, acres,	54,679,145	75,551,429	38.1*
Value of agricultural machinery, etc.,	$67,372,500	$120,759,000	79.2*
Cotton produced, bales,	5,733,675	7,776,215	3.6*
Value,	$258,524,911	$340,268,005	32.6*
Fruit, value,	$9,084,173	$24,620,500	171.0*
Total value of farm products,	$611,679,145	$984,707,000	60.9*
Value, livestock,	$360,066,883	$555,905,108	54.1*
Schools,	44,260	66,647	50.1*
Teachers,	49,182	74,055	50.5*
Pupils enrolled,	2,018,640	3,359,173	67.5*
Attendance,	1,391,743	2,181,109	56.9*
School revenues,	$5,607,081	$14,767,396	163.6*

* Increase. † Decrease.

Need of protection in West.

The States lying west of the Mississippi River are just entering upon industrial careers, and so far as manufacturing is concerned, are where the Eastern and Middle States were in 1860, yet not so far advanced. To them the application of protection to infant industries is as necessary as it has ever been to the Eastern and Middle States since the formation of the government. Their future prosperity and development requires that manufacturing centres shall be established everywhere within their borders.

The near markets which this would afford to their farmers, the exchange of commodities between the farms and villages, the increased employment to labor, the expansion of business enterprises would add immeasurably to their wealth; but if the development of manufacturing in the United States should be arrested, their energies would be confined almost exclusively to agriculture.

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If the New England States needed protection to infant industries in 1828; if the Northeastern and Northern States needed protection to infant industries thirty-five years ago to assist them in a diversified industrial development, certainly the great States of the South and West have quite as much need of protection to-day, because they are new countries, just upon the threshold of their industrial lives and require all the influences of protection to aid them in the establishment of industries. The future industrial progress of the United States requires the extension of manufacturing to the South and the West. The people of those sections will not long continue to pay freight on their cotton, wool, iron and coal to send it to New England for manufacture and again pay freight on agricultural implements, building materials, household utensils and cloths to carry them all the way back to the South and West for consumption. If their home markets are secured to them from the destructive competition of cheap foreign manufactures, they will soon manufacture for themselves a large portion of those coarser fabrics and wares for which they have been depending on the Northeastern and Eastern States. That this is the ultimate destiny of these States is absolutely certain, unless through the adoption of free trade the development of this side of their industrial life is made impossible. A continuation of protection will insure the development of manufactures in the South and West.

Continued protection necessary in the East and North.

But what of the East, of New England and the Central Northern States? What of the old seats of industry? It is an important fact to be taken into account in considering the farther extension and development of manufacturing in these States, that notwithstanding the wonderful progress that has been made in the various lines of manufactures, the application of machinery and inventions, and the cultivation of taste and skill, the people of the United States had[1] scarcely passed beyond the production of coarse and ordinary articles. Yet still we may be said to be approaching the highest degree of skill and taste. We have certainly shown ourselves capable of making many things which the free traders for years contended could not be produced outside of Europe. In bleaching, dyeing, printing, and especially in designing the more beautiful and costly textile fabrics we are inferior to France, Germany and Switzerland. We rely on Europe for over $200,000,000 worth of manufactured goods and articles which find a market among us solely because of their superior excellence. The production of these fabrics and articles in Europe has been attained through long years of education and training of artisans, aided and encouraged by a most vigorous system of protection. The establishment of schools of technical learning in which the study of chemistry and all the scientific phases of textile manufacture is pursued and in which instruction is given in the art of designing has placed Continental Europe ahead of the rest of the world, and the superior fabrics manufactured there find markets among the wealthy families of all countries, despite protective

[1] 1889.

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tariffs. The question arose, was the United States to advance to the production of the more refined and costly articles which are now being made in Europe? It had been demonstrated by years of experience that the duties on certain articles of this class were not sufficiently high to induce the application of capital and labor to the development of a high degree of proficiency in these departments.

Protection necessary for further progress.

This was the great industrial problem confronting Congress in 1889, as it appeared to the Republican party upon its being restored to power. This presented a progressive question, not only in its application to changing economic conditions in the United States, but it also had a direct bearing on the future industrial pre-eminence of the country. As the production of many of the coarser articles would be transferred to the West and South, the older manufacturing centres of the East, with their capital, their plants and their industrial population would be directed to the manufacture of the more costly and refined articles which were then being imported from Europe. The most enlightened advocates of this progressive policy had in view the establishment of technical schools in which the artistic skill and taste, which is becoming so marked among our people, would become fully developed and directed to designing and making the most beautiful, costly and elegant wares and fabrics. Through this policy the industrial life of the people would become fully rounded out and the United States would ultimately become supreme in every department of manufacturing, and every faculty, every taste, every aptitude, and every phase of the genius of our people would be given an opportunity to assert itself and reach the highest degree of perfection. The world has reached such a point in industrial development through the progress of manufacturing in all countries that foreign markets are contested for with more strife than ever before. We are living in an age of excessive production. If the United States gains a foothold in foreign markets it must be through the superior skill of its people. When we make articles more beautiful and more desirable than our competitors, they will be sought after and readily sold, but we cannot rely on cheapness as a means of conquering foreign markets without reducing the wage rate of our artisans to the same level or below that of Europe. Industrial supremacy based upon a sacrifice of the homes, comforts and incomes of our wage-earners is purchased at too high a price.

The McKinley bill.

In keeping with the will of the people, as expressed in the election of 1888, and in harmony with the principles of the Republican party, the Fifty-first Congress entered upon a revision of the tariff for the purpose of promoting the welfare of the people of the United States, to whom alone it owed allegiance. Thomas B. Reed, of Maine, was elected Speaker of the House of Representatives, and selected as chairman of the Ways and Means Committee, William McKinley, Jr., of Ohio. Mr. McKinley's associates on that committee were as follows: Burrows, Michigan; Dingley,

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Maine; Payne, New York; Bayne, Pennsylvania; McKenna, California; La Follette, Wisconsin; Gear, Iowa; Carlisle, Kentucky; Mills, Texas; Breckinridge, Arkansas; McMillin, Tennessee; Flower, New York. It will be seen that the whole country was represented from Maine to California—from Michigan to Texas. New York as the Empire State was represented by one Republican and one Democrat. The Southern States had four representatives, the Western States five, Pennsylvania one and New England one. The committee met with open doors and gave a respectful hearing to all interests from every part of the country. Even importers and representatives of British industries were treated courteously and their statements given consideration. When the bill reached the Senate it had the benefit of the revision of men like Morrill, the author of the tariff of 1861, of John Sherman and John P. Jones, and of Nelson W. Aldrich and Mr. Hiscock, of New York, all of whom had had large experience in tariff matters and intimate knowledge of the industries of the country.

The bill became a law October 1, 1890, going into effect October 6. While no tariff bill can be perfect or entirely acceptable to all, still the McKinley act was the most protective tariff law ever framed. The principles of protection were kept paramount to everything else. There was no discrimination as to any section or any class. Mr. McKinley in his speech in the House, May 7, 1890, said:

Important features of the McKinley bill.

> The tariff part of the bill contemplates and proposes a complete revision. It not only changes the rates of duty, but modifies the general provisions of the law relating to the collection of duties. These modifications have received the approval of the treasury department and are set forth in detail in the report of the committee, and I will not weary this committee in restating them here. A few of the more important changes, however, are deserving our attention.
>
> There has been for many years a provision in the law permitting the United States to import for its use any article free of duty. Under this provision gross abuses have sprung up, and this exemption from duty granted the United States, has served as an open doorway to frauds upon our revenue and unjustifiable discriminations against our own producers. Not only has the government imported supplies from abroad, but its officers, agents and contractors have been held to enjoy the same privilege, which has been exercised to the injury of our own citizens. The result has been that the supplies imported by contractors for governmental work have, in many instances, been in excess of the demand for such public work and have been applied to other and different uses. This provision of law has been eliminated in the proposed revision. Your committee have been actuated in this by the belief that the government should buy what it needs at home; should give its own citizens the advantage of supplying the United States with all of its needed supplies, and that the laws which it imposes upon its own people and taxpayers should be binding upon the government itself.
>
> The committee have also fixed a limit upon the amount and value of personal effects accompanying the passenger returning from foreign travel to $500. It has been too common for citizens of the United States visiting other countries to supply themselves not only for their immediate uses, but for future uses and for the uses of their friends, and there has heretofore been no limit to the amount and value of foreign articles which could be brought in free of duty under the designation of

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"personal effects" if accompanied by the returning passenger. The practical effect of this provision was that the wealthy classes who were able to visit distant countries secured exemption from the payment of duties, while the average citizen unable to go abroad was compelled to pay a duty upon the articles which he might want to use. The limit of $500 is believed to be sufficient for all honest purposes.

We have also introduced a new provision in the bill which requires that foreign merchandise imported into the United States shall be plainly stamped with the name of the country in which such articles are manufactured. There has been a custom too general in some foreign countries to adopt American brands to the injury of our own manufacturers. Well-known articles of American production with high reputation have been copied by the foreigner and then by the addition of the American brand or American marks have fraudulently displaced American manufacture, not in fair competition, but under false pretences. The counterfeit has taken the place of the genuine article, and this we propose to stop. England has felt the injustice of fraudulent marking, and stringent laws have been enacted to provide against false indications of origin abroad.

Section 49 of the bill provides that goods, wares and merchandise and all articles manufactured in whole or in part in any foreign country by convict labor shall not be entitled to entry at any of the ports of the United States, and the importation thereof is prohibited. Nearly, if not all, of the States of the Union have laws to prevent the products of convict labor in the state penitentiaries from coming into competition with the products of the free labor of such States. The committee believed that the free labor of this country should be saved from the convict labor of other countries, as it has been from the convict labor of our own States, and so recommended this provision. It will be of small account to protect our workmen against our own convict labor and still admit the convict-made products of the world to free competition with our free labor.

Free raw materials.

By way of encouraging exportation to other countries and extending our markets, the committee have liberalized the drawbacks given upon articles or products imported from abroad and used in manufactures here for the export trade. Existing law refunds 90 per cent of the duties collected upon foreign materials made into the finished product at home and exported abroad, while the proposed bill will refund 99 per cent of said duties giving to our citizens engaged in this business 9 per cent additional encouragement, the government only retaining 1 per cent for the expense of handling. We have also extended the drawback provision to apply to all articles imported which may be finished here for use in the foreign market. Heretofore this privilege was limited. This, it is believed, will effectually dispose of the argument so often made that our tariff on raw materials, so called, confines our own producers to their own market and prevents them from entering the foreign market, and will furnish every opportunity to those of our citizens desiring it to engage in the foreign trade. Now, the bill proposes that the American citizen may import any product he desires, manufacture it into the finished article, using in part, if necessary, in such manufacture, domestic materials, and when the completed product is entered for export, refunds to him all but 1 per cent of all the duty he paid upon his imported materials. That is, we give to the capital and labor of this country substantially free trade in all foreign materials for use in the markets of the world. We do not require that the product shall be made wholly of the foreign material. Already, under special provisions of laws and regulations of the treasury department, parts of a finished product made here and attached to the finished article do not deprive the exporter of his drawback. We have extended this provision and in every way possible liberalized it, so that the domestic and foreign product can be combined and still allow to the exporter 99 per cent upon the duty he pays upon his foreign material intended for export; which is, in effect,

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what free traders and our political opponents are clamoring for—namely, free raw material for the foreign trade. And if you are desirous of seeing what you can do in the way of entering the foreign market, here is the opportunity for you.

Eighteen articles were taken from the free list and made dutiable, while forty-four articles were transferred from the dutiable to the free list, making 288 articles altogether that came in free. Not only that, but it was found that under the actual workings of the law over 50 per cent of our imports bore no duty. This was thoroughly in accordance with the principles of a protective tariff, that any article which we do not and cannot produce with profit in this country with the exception of a few luxuries, the duty on which serves for revenue and is in no way burdensome, shall come in absolutely free.

Bounty on the production of sugar—Its effects.

We were, at the time of the passage of the McKinley bill, producing about one-eighth of the sugar we consumed. To be exact, during the year 1890 we consumed 1,578,478 tons, of which 1,357,704 tons were imported, paying a duty of $53,985,874. This $53,000,000 came out of the pockets of the people, who were saved this whole amount by the removal of the duty. But the sugar industry of the country was not to be abandoned. We were producing one-eighth of our consumption and with encouragement and protection would in another decade produce at least one-half our needs, in fact many experts estimate that in twenty years at the longest we could produce our total consumption, amounting then probably to 6,000,000,000 pounds. It was not an industry, however, to be built up in a day or a year, although it was shown to be capable of wonderful development in a number of years. $50,000,000 to $60,000,000 was, however, too great a sum to be annually drawn from the purses of the people for this purpose. Accordingly a bounty of one and three-quarter cents and two cents per pound were given to the producers of sugar from beets, sorghum or cane grown in the United States. Again had the principles of protection triumphed. The producer of an American product only partly developed received ample protection without directly taxing the consumer.

We were following in the footsteps of other nations, such as Germany, France, Austria-Hungary, Belgium, Holland, Russia, Italy and Spain, all of which had built up and were maintaining their sugar industry by bounties, excise or export laws. The effect of this portion of the bill was a thorough vindication of the policy adopted. Our consumption increased from 1,500,000 tons in 1890 to nearly 1,900,000 tons in 1891. The consumption was about the same in 1892 and 1893. The difference in price enabled the people to save over $100,000,000 annually in spite of the increased consumption. And to do this the government paid a bounty of $7,330,044 the first year. But the saving to the people was not all. Over $20,000,000 capital was put into new establishments,

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giving employment and wages to thousands of men, with the following result:

	1890. Tons.	1893. Tons.
Production of cane sugar,	134,844	270,000
" " beet sugar,	2,800	24,500

To sum up: The abolishment of the duty on sugar and the giving of a bounty instead, reduced the revenue about $60,000,000 annually. It saved this amount to the people besides saving over $100,000,000 annually in price. It gave employment and wages to thousands of people, enabling them to double our production in two years, and the total cost was less than $10,000,000 annually, which was no loss, as it all went into the pockets of our own people.

Tin plate.

Perhaps there was no paragraph of the McKinley bill which met with greater opposition from the free traders than the paragraph which levied an increased duty on tin plate. In 1864 a duty of two and one-half cents per pound was fixed on tin plate in the following words:

"*On tin plate, and iron galvanized or coated with any metal by electric batteries or otherwise, two and one-half cents per pound.*"

This clause covered tin plates, terne plates and galvanized and enameled plates, the latter being unimportant manufactures, of which tin is not a part. Had this duty remained in force it would have made a difference of hundreds of millions of dollars to the American laborer and consumers of tin plate in this country. The Secretary of the Treasury, however, Mr. William Pitt Fessenden, acting under a power vested in him, rendered a decision which practically nullified the law. On July 22, 1864, Mr. Fessenden wrote to Hiram Barney, Collector of the Port of New York, as follows:

It would appear that an error of punctuation was made by some one; most probably a clerk who engrosssed that part of the act. If the comma which is inserted after the word "plate" be omitted, and a comma be placed after the word "iron," the true sense will be had, which unquestionably is, that tin plates, as well as iron, must be galvanized or coated with any metal by electric batteries or otherwise, in order to bring them within the provision.

There was another clause in the tariff law, which read:

"*Tin in sheets or plates, terne and taggers' tin, 25 per cent ad valorem.*"

The consequence was that tin plate was made subject to a duty of 25 per cent ad valorem instead of two and one-half cents per pound. The latter duty would have protected and developed the tin plate industry in this country; the former did not, and the attempt to manufacture it was a failure. In 1873, however, there were four tin mills started here and tin plate as good in every respect as that imported was made—and at a lower

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price than the foreign, namely, $11 per box. But as soon as the Englishmen heard of it what did they do? Just what they have always done and what they always will do when they find us unprotected. First they reduced their prices lower and lower until they went to less than $5 per box. By this time our manufacturers could no longer compete and were forced to stop manufacturing. Just as soon as this was accomplished up went the English prices again and for nearly twenty years we were at their mercy. The total quantity of tin plates imported in the twenty years from 1871 to 1891 was 3,622,750 gross tons, the foreign value being $307,341,404. In addition to this we paid freights and importers' profits. But for that decision of Mr. Fessenden all those millions and doubtless many more would have gone into the pockets of the American people. There is no better example of the cut-throat methods of English manufacturers than in this tin plate history. They could well let us have their tin plates for a year or two at cost and then as soon as our own industry was ruined and our market gained make us pay year after year double price as they did compel us to do.

Effect of the McKinley act on the production of tin plate.

But the McKinley bill finally came to the rescue. A duty of 1.85 and 2.2 cents per pound varying according to gauge was imposed and so confident were the framers of the bill that American manufactures would at once be established that a clause was inserted providing that if in six years we did not make at least one-fourth our consumption of tin and terne plates, lighter in weight than sixty-three pounds per hundred square feet, they should be admitted free. What was the result? First as to imports:

IMPORTS OF TIN PLATES.

Fiscal Year.	Pounds.	Value.
1891, ...	1,036,489,074	$35,746,920
1894, ...	454,160,826	11,969,518

It must be remembered that the tin plate clause of the McKinley bill did not go into effect till July 1, 1891. Now what have we accomplished? The following is from the report of the secretary and treasurer of the Tinned Plate Manufacturers' Association of the United States, for 1895:

We have now in this country, completed and in course of construction, thirty-four tin plate works. These works have a total of one hundred and seventy-seven hot finishing mills, all of which will be completed and in operation by the month of June next. The capacity of these mills will exceed an annual production of 260,000 tons of finished product, and will furnish employment to 11,000 or 12,000 hands. In looking over the returns we have at hand I find that there are one hundred and eight finishing mills completed and in operation at the present time. These, as you will perceive, have a capacity of a little over 160,000 tons of finished product per annum, give employment to 7000 or 8000 hands, capital invested about $5,500,000 and wages paid about $4,500,000, if the mills are operated full time—that is to say, about forty-five weeks in the year. The tin plate clause of the McKinley bill went into effect on July 1, 1891. In less than a period of four years the American tin plate industry has so developed as to more than meet the requirements

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of the home market. Such growth is unparalleled. No other industry, even with the stimulus of highest protective duties, has ever made such progress in the same period of time. It may be interesting to all concerned to know that the tin plate works in England and Wales have an aggregate of five hundred and nineteen mills. Of this number two hundred and thirty-two mills were idle during the year 1894.

This has been done with no material increase in price, so that the consumer has not suffered in the least. Not only have many thousands been given direct employment with American wages, but thousands more have been employed in allied and kindred industries. The carpenter who builds the mill benefits as does the workman within the mill. The brakeman on the railroad engaged in transportation, shares the fruits of manufacture with the worker on the product itself.

Importance of the tin plate industry.

Mr. W. C. Cronmeyer, a competent authority, made the following estimate of the number of persons that would be given employment in the production of the tin plate necessary to supply the present demand of the American people:

Material required to produce the 350,000 tons tin plate, of terne plate, taggers' tin and taggers' iron annually imported.	Persons required to produce such material in one year.
2,000,000 tons of coke and coal,	2,000 men.
1,000,000 tons of iron ore	1,200 "
450,000 tons of pig iron,	4,500 "
15,000 tons of Dakota block tin,	5,000 "
3000 tons of lead,	300 "
6500 tons of tallow or palm oil,	750 "
20,000 tons of sulphuric acid,	750 "
30,000,000 feet of box lumber,	600 "
To turn pig iron into fine sheet iron, 50 men to every 1000 tons,	17,500 "
To turn fine sheet iron into tin plate, terne plates, etc., to every 1000 tons five women,	1,750 women.
To every 1000 tons seven men,	2,450 men.
To keep machinery in repair and produce packing, lubricating oils and mill supplies,	2,000 "
Railroad carriage to transport these materials from place to place,	1,000 "
Total,	39,800

These men so employed will in turn again give employment to preachers, teachers, lawyers, farmers, physicians, butchers, grocers, shoemakers, tailors and dressmakers, carpenters, masons, state, county and municipal employees.

These people will provide a livelihood for about 240,000 people, these 240,000 people thus employed, being 4–10 per cent of the present population of the United States.

Misrepresentation by free traders as to the tin plate industry.

When Mr. Lascelles Carr, editor of the Cardiff, Wales, Western Mail, visited Washington in 1893, he was introduced to President Cleveland. One of the newspaper correspondents accompanying the party facetiously remarked to the President that Mr. Carr had come from Wales

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to look for some tin plate works which the Republican party had established, whereupon Mr. Cleveland made the following reply :

"Well, Mr. Carr, when you do find them be sure and let me know their exact locality for we have been searching for these tin plate works for some years and have failed to find them."

Perhaps the rank and file of free trade orators and editors can hardly be blamed for their wholesale misrepresentation about tin plate when the head of the firm, the great leader, the "savior" of free trade in this country, weighted down with the mantle of Cobden, could sneeringly make such a statement when more than a score of works and more than a hundred mills were even then turning out thousands of boxes daily, when on thousands of roofs tinsmiths were nailing American-made terne plate, when tons of fruit and berries were being preserved in cans made from American tin plate, and thousands of laborers were daily carrying to their work dinner pails made of American tin plate.

Reciprocity

If James G. Blaine had left no other legacy to the people of the United States, the reciprocity clause of the McKinley bill alone would have left us forever in his debt. No sooner did he become Secretary of State than he began to think of closer commercial union with the countries south of us and his scheme of a Pan-American union became a reality and a success. Mr. Blaine found that 87 per cent of the importations into the United States from Central and South American States were free of duty, while nearly every class of articles forming the total of our exports to those States was subject to high duties on entering their ports, and besides, that many of the articles sent from those states to this country, and entered here free, were subject to heavy export duties at home. He recommended the so-called reciprocity amendment to the McKinley bill. It was an innovation and produced no little controversy. Senator Mitchell, of Oregon, was the first to advocate it and he was soon followed by all the Republican Senators. The New York Produce Exchange held a meeting and passed resolutions in favor of the scheme, which action was followed by nearly all the commercial bodies in the country. Public sentiment was strongly in favor of it, all opposition of Republican members of Congress soon vanished and the following paragraph was made a part of the McKinley law :

Reciprocity clause of the McKinley act.

Section 3. That with a view to secure reciprocal trade with countries producing the following articles, and for this purpose, on and after the first day of January, 1892, whenever and so often as the President shall be satisfied that the government of any country producing and exporting sugars, molasses, coffee, tea, and hides, raw and uncured, or any of such articles, imposes duties or other exactions upon the agricultural or other products of the United States, which in view of the free introduction of such sugar, molasses, coffee, tea, and hides into the United States he may deem to be reciprocally unequal and unreasonable, he shall have the power and it shall be his duty to suspend, by proclamation to that effect, the provisions of this act relating to the free introduction of such sugar, molasses, coffee, tea, and

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hides, the production of such country, for such time as he shall deem just, and in such case and during such suspension duties shall be levied, collected, and paid upon sugar, molasses, coffee, tea and hides, the product of or exported from such designated country as follows, namely:

All sugars not above number thirteen, Dutch standard in color, shall pay duty on their polariscopic tests as follows, namely:

All sugars not above number thirteen, Dutch standard in color, all tank bottoms, syrups of cane juice or of beet juice, melada, concentrated melada, concrete and concentrated molasses, testing by the polariscope not above seventy-five degrees, seven-tenths of one cent per pound; and for every additional degree or fraction of a degree shown by the polariscopic test, two hundredths of one cent per pound additional.

All sugars above number thirteen, Dutch standard in color, shall be classified by the Dutch standard of color, and pay duty as follows, namely: All sugar above number thirteen and not above number sixteen, Dutch standard of color, one and three-eighths cents per pound.

All sugars above number sixteen and not above number twenty, Dutch standard of color, one and five-eighths cents per pound.

All sugars above number twenty, Dutch standard of color, two cents per pound.

Molasses testing above fifty-six degrees, four cents per gallon.

Sugar drainings and sugar sweepings shall be subject to duty either as molasses or sugar, as the case may be, according to polariscopic test.

On coffee, three cents per pound.

On tea, ten cents per pound.

Hides, raw or uncured, whether dry, salted, or pickled, Angora goat-skins, raw, without the wool, unmanufactured, asses' skins, raw or unmanufactured, and skins, except sheep-skins, with the wool on, one and one-half cents per pound.

Immediately upon the passage of the tariff bill negotiations were entered into with the governments of Central and South America and with Germany and France for the purpose of effecting commercial treaties in accordance with its provisions. On June 27, 1892, the President of the United States sent to the Senate a message containing the following statement of the treaties which had been signed and those which had been agreed upon but not fully ratified:

Reciprocity treaties.

These agreements, so far as proclaimed, are as follows:

1. With the United States of Brazil, concluded January 31, proclaimed February 5, went into effect April 1, 1891.

2. With Spain for the colonies Cuba and Puerto Rico, concluded June 16, proclaimed August 1, and went into effect September 1, 1891.

3. With Santo Domingo, concluded June 4, proclaimed August 1, went into effect September 1, 1891.

4. With the German Empire, concluded January 30, proclaimed February 1, went into effect February 1, 1892.

5. With the Republic of Salvador, concluded December 30, proclaimed December 31, 1891, and went into effect February 1, 1892.

6. With the British West India Colonies, including Trinidad, Barbados, the Leeward Islands, the Windward Islands, British Guiana, Jamaica and their dependencies, concluded February 1, proclaimed February 1, and went into effect February 1, 1892.

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7. With the Republic of Nicaragua, concluded March 11, proclaimed March 12, and went into effect March 12, 1892.

8. With the Republic of Guatemala, concluded December 30, proclaimed May 18, went into effect May 30, 1892.

9. With the Republic of Costa Rica, still pending ratification by the Congress of the Republic.

10. With the Republic of Honduras, concluded April 29, proclaimed April 30, went into effect May 25, 1892.

11. With France and her colonies, still pending ratification by French Chamber.

12. With Austria-Hungary, concluded May 25, proclaimed May 25, went into effect May 26, 1892.

This was a practical and definite step taken toward the extension of our foreign trade. By admitting free of duty sugar, tea, coffee, hides, rubber, dyewoods and tropical fruits from these countries, while we would not injure a home industry we would force them to admit our produce upon favorable terms. By the concessions gained, France and Germany were compelled to withdraw discriminations against our pork, and the South American countries placed many of our commodities on the free list and reduced duties on many others 25 and 50 per cent. The treaties made with the ten countries in the Western Hemisphere secured favorable concessions on over two thousand different articles.

The distribution of our foreign trade in 1892 is exhibited by the table on the next page.

Expansion of trade resulting from the policy of reciprocity.

It will be observed that the total balance of trade in our favor was $202,875,686. That this was made up of favorable balances with all countries of Europe, excepting Italy; while the balance of trade was against us, with the British North American possessions and all Central and South American countries, amounting to over $117,000,000. The excess of goods purchased from South America was paid for in cash or its equivalent, which was sent to Europe by these people to purchase manufactured articles.

Take the trade of one country with Great Britain and we find that England increased her exports to Brazil from $18,691,759 in 1859 to $35,212,000 in 1889; while the exports from the United States to that country were only $6,018,901 in 1859, $7,137,000 in 1888, and $11,972,214 in 1890, Similar figures might be given for other countries. It is sufficient, however, to state that if there is any part of the globe in which American manufacturers are able to compete with Europe in any line of production, such as coarse cotton goods, farming implements, hardware, tools, etc., it is in South America. While the establishment of trade relations in foreign countries cannot be effected in a day, and an increased trade, even under favorable conditions, must be of slow growth, yet the results which immediately followed the signing of these treaties attested their benefit to the people of the United States and proved the wisdom of the policy.

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Distribution of Our Commerce by Leading Countries and Grand Divisions of the Globe During the Fiscal Year Ending June 30, 1892.

COUNTRIES AND GRAND DIVISIONS.	Exports.			Imports.	Total exports and imports.	Excess of exports (+) or of imports (—).
	Domestic.	Foreign.	Total.			
COUNTRIES.						
United Kingdom,	$493,957,868	$5,357,464	$499,315,332	$156,300,881	$655,616,213	+ $343,014,451
Germany,	104,180,732	1,340,826	105,521,558	82,907,553	188,429,111	+ 22,614,005
France,	97,899,132	1,230,575	99,126,707	68,554,793	167,681,500	+ 30,571,914
Belgium,	47,713,121	1,071,996	48,785,117	10,273,061	59,058,178	+ 38,512,056
Netherlands,	43,556,865	361,119	43,917,984	10,886,802	54,804,786	+ 33,031,182
Italy,	14,223,947	93,835	14,317,782	22,161,617	36,479,399	— 7,843,835
British North American Possessions,	42,580,578	2,305,410	44,885,988	35,334,547	80,220,535	+ 9,551,441
Mexico,	13,696,531	597,468	14,293,999	28,107,525	42,401,524	— 13,813,526
West Indies,	37,600,708	907,595	38,508,303	99,606,305	138,114,608	— 61,098,002
Brazil,	14,240,009	51,864	14,291,873	118,633,604	132,925,477	— 104,341,731
China,	5,663,471	26	5,663,497	20,488,291	26,151,788	— 14,824,794
British India and East Indies,	3,674,141	166	3,674,307	24,773,107	28,447,404	— 21,098,800
Japan,	3,288,282	1,829	3,290,111	23,790,202	27,080,313	— 20,500,091
All other countries,	93,459,626	1,225,964	94,685,590	125,584,174	220,269,764	— 30,898,584
Total,	$1,015,732,011	$14,546,137	$1,030,278,148	$827,402,462	$1,857,680,610	+ $202,875,686
GRAND DIVISIONS.						
Europe,	$841,087,922	$9,535,228	$850,623,150	$391,628,469	$1,242,251,519	+ $458,994,681
North America,	101,463,351	4,102,833	105,566,184	174,054,181	279,620,365	— 68,487,997
South America,	32,573,922	573,692	33,147,614	150,727,759	183,875,373	— 117,580,145
Asia,	19,581,056	9,294	19,590,350	80,138,251	99,728,601	— 60,547,901
Oceanica,	15,274,896	297,871	15,572,767	23,133,062	38,705,829	— 7,560,295
Africa,	5,035,162	26,103	5,061,265	5,318,052	10,379,317	— 256,787
All other countries,	715,702	1,116	716,818	2,402,688	3,119,506	— 1,685,870
Total,	$1,015,732,011	$14,546,137	$1,030,278,148	$827,402,462	$1,857,680,610	+ $202,875,686

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Our domestic exports to Cuba in 1889 amounted to $11,297,198; in 1893 to $23,604,094. To Porto Rico they increased from $2,247,700 in 1890 to $2,808,631 in 1892. In 1889 our exports to Salvador amounted to $690,884 in 1892 to $1,274,021. Brazil shows the following increase: 1889, $9,276,511; 1892, $14,240,019. Bolivia, 1889, $6,838; 1893, $24,849. British Guiana, 1889, $1,643,249; 1893, $1,953,012. British Honduras, 1890, $348,564; 1892, $464,802. Mexico, 1889, $10,886,288; 1893, $18,891,714. Germany, 1889, $66,518,695; 1892, $104,180,732. Guatemala, 1889, $969,871; 1892, $1,809,577. The repeal of the reciprocity clause by the Gorman-Wilson bill has already, in a single year, destroyed this advantage and in many instances duties have been again imposed on goods imported from the United States to those countries with which treaties had been made. The loss is double, for we not only have the burden of a duty on sugar, but lose the markets of many countries as well.

The wisdom of reciprocity with South and Central America.

These treaties were based upon the true American spirit and designed to promote the welfare of our people and the commercial greatness of our country. The geographical situation and resources of the West and South made this policy peculiarly beneficial to those sections of our country. Such outlets would enlarge the market for the manufacturing which must surely arise in those localities. Again, the States bordering on the Gulf of Mexico would lie nearest and most accessible to this market, and through the building of cotton mills, the development of iron mines, the constructing of iron furnaces, and the extension of industries, which are now taking place in the new South, they would be furnished with a more accessible market than could be found in any other quarter. Besides, it would encourage ship-building and the establishment of ship-yards in Mobile, New Orleans and Galveston. Neither the West nor the South could expect to find a market for their manufactures in Europe. It seems as if this bill was especially designed to benefit those sections of the United States. It is a most astonishing fact that the representatives from the Western and Southern States should have been so blinded to the future commercial welfare of their constituents as they were when they joined hands with Mr. Cleveland and his free trade associates and wiped this law from the statute book. The repeal of this law was certainly an injury to the trade of the United States. To prevent at once the United States from gaining a foothold in South and Central America, would certainly confer a great benefit on Great Britain. During the last twenty years England has been suffering severely from competition in China, Japan and India. Russia and nearly all Continental Europe are not only closing their ports against English goods, but are building up industrial systems through which they are becoming her rivals. Southern and Central America during the past twenty years have been a fruitful field for her commercial transactions. Great Britain is guarding this trade by all the means at her disposal. To step in and divide this trade with

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her and Europe would greatly benefit American commerce. There has been no dispute but that the extension of our trade in this region could be secured in this way. If the advocates of free trade were really solicitous of the welfare of the United States and desirous of extending our markets in foreign countries, instead of destroying the reciprocity treaties, they should have upheld them. But the dogmatic free trader was jealous of a policy which was certain to result in such benefits to the country as would prove most damaging to his pet theories. To secure trade advantages in foreign countries by this class of treaties is not by any means a new device. It was embraced in the recommendation of the merchants of London in their petition to parliament in 1820. Failing to secure free trade in France Mr. Cobden himself favored and negotiated a reciprocity treaty with Napoleon III. in 1860.

Mr. Althusen, an eminent and experienced manufacturer, in giving evidence before the Royal Commission on Depression of Trade and Industry in 1886, stated that he had come to the conclusion that England made a mistake in adopting free trade instead of resorting to reciprocity treaties; that by adopting free trade her ports were thrown open to the free admission of the wares of other countries, and she had nothing to offer in return for trade advantages. Her bargaining power had been thrown away. Even as late as 1892 Germany entered into reciprocity treaties with four of the principal nations of Europe. Had the advocates of free trade committed no other act to prove their hostility to the commercial interests of the United States the repeal of this provision of the McKinley bill would be sufficient.

Objects of the McKinley bill—How far realized.

The effects of three portions of the McKinley bill have been given somewhat in detail, namely, the change from duty on sugar to bounties, the imposing of an adequate tariff on tin plate, and reciprocity. These, however, make up only a small portion of the benefits which resulted from the tariff law of 1890. Our progress for the two years following that law was unprecedented. Every feature of the law was fully vindicated and the wisdom of its framers proved beyond question. When the measure was pending Senator Carlisle declared that under it our foreign commerce would decline, and yet our foreign commerce for the year 1891 was larger than it had ever been before, and it was larger still in the year 1892. Our domestic exports for the last named year amounted to $1,015,732,011, against $730,282,609 in 1889, and $278,392,080 in 1859, our last previous free trade year.

The *first object* of the bill was to reduce revenue, but without destroying any protective feature of our tariff system. This was done to the extent of about $42,000,000, and for the first time in the history of the United States more than half of all our imports in value were admitted free of duty. While the average rate per cent is at best misleading, it may as well be stated in the face of false free trade calculations, that the

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average ad valorem rate per cent on all imports for the year 1892 was 21.26—less than during any year since 1861.

The *second object* of the bill was to develop and increase American industries and give employment to a greater number of American laborers. The two years following the enactment of the bill showed results that surprised even its most sanguine friends. New industries were established on every hand; other industries were imported from abroad; thousands of establishments were enlarged, all of which gave employment to an increased number of laborers, and in most instances at higher wages. Millions of dollars worth of goods formerly imported were now made by American workmen. In woolen manufactures, for instance, our consumption increased 17 per cent in three years, while the value of woolen goods imported decreased to the amount of $21,000,000 during the same period. The consumption of cotton in our mills increased 24 per cent in two years. The production of pig iron in 1891 for the first time surpassed that of Great Britain. In silk manufacture there was an increase of 25 per cent in 1891 over any preceding year. Our various industries will, however, be treated more specifically in the following pages.

It must not be thought that the McKinley bill was framed with a view to benefit our manufacturers and mill hands alone. The agricultural interests and the American farmer received the same attention and reaped the same fruits as did the manufacturer and his employees. American farm products received adequate protection in nearly every instance, with the result that in a single year the value of our imports of farm products was reduced by $20,000,000, while our agricultural exports increased from $532,141,490 in 1889 to $799,328,232 in 1892, a gain of $267,186,742. These in general were the benefits to American labor. What advantage did the American people as consumers derive? The answer has been given in the following words of President Harrison in his message to Congress, December, 1891: "Rarely, if ever before, in the history of the country has there been a time when the proceeds of one day's labor or the product of one farmed acre would purchase so large amount of those things that enter into the living of the masses of the people." The following corroborative testimony may be given in the words of Edward Atkinson in the Forum of May, 1892:

Improved condition of the people.

> There never has been a period in the history of this or any other country when the general rate of wages was as high as it is now, or the prices of goods relatively to the wages as low as they are to-day, nor a period when the workman, in the strict sense of the word, has so fully secured to his own use and enjoyment such a steadily and progressively increasing proportion of a constantly increasing product.

And further, the following is taken from the Weekly Review of Trade, published by R. G. Dun & Co.'s Commercial Agency, June 30, 1892: "A fiscal year never matched in the whole history of the country in

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volume of industrial production, in magnitude of domestic exchanges, or in foreign exchange, has just closed."

If further testimony be desired it can be found in the following extract from a Senate Committee appointed to investigate the result of the McKinley law on prices and wages. The investigations were conducted by Carroll D. Wright, Commissioner of the Department of Labor, General Francis A. Walker, Professor H. C. Adams, Edward Atkinson, Professor E. J. James and William Grosvenor. Of these the first is, if possible, independent on the tariff question, the next three are pronounced free traders, and the last two are protectionists. The report, which was unanimously accepted by a Senate Committee composed of both Republicans and Democrats, stated that:

Effects of the McKinley act.

"*During the twenty-eight months from June 1, 1889, to September 1, 1891 (the act took effect October 6, 1890), average retail prices of 214 articles of common consumption among the people declined .64 per cent; wholesale prices of the same articles declined .33 per cent; prices of agricultural products advanced 18.67 per cent, and wages advanced on the average .75 per cent.*"

The following brief summary of the McKinley bill and its results is given by Mr. D. G. Harriman, in his "American Tariffs from Plymouth Rock to McKinley," page 73:

Increased duties on about,	115 articles.
Reduced duties on about,	190 articles.
And left them unchanged on,	249 articles.
Increased our foreign commerce in eleven months,	$ 74,768,639
Increased our free imports,	112,013,081
Made the percentage of free imports, of all our imports,	55.75
Increased free imports over the last tariff, per cent,	22.48
Reduced the duties per capita from $3.80 to $3.07.	
Reduced the total revenue ("tariff taxes") in twelve months,	$41,396,425

Increased the cost of no necessity of life and reduced the cost of many; stimulated business, and thereby tended to make people busier and earnings surer, if not larger.

Fair Trade (Eng.) in discussing the merits of the McKinley bill gave the following four points in its favor:

The manufacturers of Great Britain don't like the McKinley tariff bill.
The manufacturers of Germany don't like the McKinley tariff bill.
The manufacturers of France don't like the McKinley tariff bill.
The Anglomaniac Free Traders of the United States don't like the McKinley tariff bill.

This furnishes four excellent reasons why the bill should become a law.[1]

The growth of other industries and of industrial activity in general after the passage of the McKinley bill will be further pointed out in the

[1] Vol. V., p. 413.

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treatment of special industries, and the conditions immediately preceding the passage of the Gorman-Wilson bill.

Summary of tariff legislation.

The writer has compiled from the statutes of the United States and other official sources the following brief description of the tariff laws of the United States, from the formation of the government to the present time:

AMERICAN TARIFFS FROM 1789-1894.

Dates of Passage and Operation with Salient Features and Consequences.

Act of July 4, 1789—Went into effect August 10, 1789. Duties imposed upon 75 articles, 40 specific—35 ad valorem—15 free. Average rate on total imports 7½ per cent.

August 10, 1790—Went into effect January 1, 1791. Imposed 50 new duties and increased many of previous year. Average rate on total imports 8 per cent.

March 3, 1791—Slight increase—unimportant—rates increased on spirits. Average rate on total imports 8.43 per cent.

May 2, 1792—Went into effect July 1, 1792. Over 150 articles were enumerated in this bill. General increase of 2½ per cent. Average rate on total imports 10.93 per cent.

June 5-7, 1794—Went into effect July 1, 1794. Imposed additional duties and made slight increase in many existing. Increased rates on tobacco, snuff and refined sugar. Average rate on total imports 13.88 per cent.

January 29, 1795—Rates changed on types, sugar and wines. Many changes, some reductions. Twenty-five articles on free list. Average rate on total imports 8.04 per cent.

March 3, July 8, 1797—Increased rates on sugar, tea, molasses, velvets, cotton goods, candy. Average rate on total imports 9.25 per cent.

March 13, 1800—Went into effect July 1, 1800. Increased rates on sugar and wines. Average rate on total imports 13.11 per cent.

March 26, 1804—Went into effect July 1, 1804. Increased all ad valorem rates 2½ per cent. Increased rates on goods in foreign vessels 10 per cent. Additional rates on many specific articles. Mediterranean Fund. Average rate on total imports 13.06 per cent.

March 3, 1807; March 4, 1808—Salt and copper, saltpetre and sulphur made free. Increased duties on brass, hats, iron, linen, wines and many other articles. Average rate on total imports 28.71 per cent.

Embargo Act passed in December, 1807, prohibiting all imports from England and France, repealed May 15, 1809—This was not a tariff measure, but at the same time had the effect of stimulating many industries. The people of the United States were thrown entirely upon their own resources and the result was new industries established, and increased production in existing manufactures.

Act of July 1, 1812—Went into effect same day. Known as the war tariff. All duties were doubled. Supplementary Acts, February 25, 1813; July 29, 1813; March 3, 1815; February 5, 1816. Great activity in manufacturing due both to high duties and the war. Average rate on all imports 32.73 per cent.

Act of April 27, 1816—Went into effect July 1, 1811. Known as the Lowndes-Calhoun bill. War rates were considerably reduced. Ad valorem duties ranged from 7½ to 33 per cent. Unenumerated goods paid 15 per cent. Iron and other metals 15 per cent. Woolen goods 25 per cent. Minimum

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Summary of tariff legislation.

principle adopted. Intended as a protective measure but failed because of duties being too low to prevent vast importations from England at less than cost prices. Average rate on all imports 26.52 per cent.

April 12, 1818—Rates changed on iron and alum.

March 3, 1819—Rates on certain wines reduced. Average rate on all imports 35.02 per cent.

Act of May 22, 1824—Went into effect July 1, 1824. Decided increase in duties with most significant and gratifying results. Average rate on all imports 37 per cent.

Act of May 19, 1828—Went into effect September 2, 1828 and July 1, 1829. Known as the "Tariff of Abominations." Minimum extended. Rates increased. Average rate on all imports 47.80 per cent.

May 20, 1830—Rates reduced on teas, coffees and cocoa and molasses.

July 14, 1832—Went into effect March 4, 1833. Known as the "Modifying Tariff." Duties on iron reduced, on woolens increased.

Act of March 2, 1833—Went into effect January 1, 1834. Known as the "Compromise Tariff." Rates reduced 10 per cent of all duties in excess of 20 per cent, etc., each alternate year till January 1, 1842, one-half the remaining excess of 20 per cent to be taken off on that date and the other half July 1, 1842. Linens, worsted goods, shawls and manufactures of silk made free. Average rate on all imports about 17 per cent.

July 4, 1836—Rates reduced one-half on wines.

September 11, 1841—Articles free and those paying less than 20 per cent to pay 20 per cent. Railroad iron reduced to 20 per cent.

Act of August 30, 1842—Took effect immediately. General revision and increase of rates 50 to 75 per cent. A thoroughly protective measure. The result was a revival of industry and trade, followed by general prosperity.

Act of July 30, 1846—Went into effect December 1, 1846. Known as the "Walker Tariff." General reduction of duties. Changes from specific to ad valorem rates, duties for revenue only. Effects of this tariff were most disastrous in spite of foreign war, famine and the discovery of gold.

Act of March 3, 1857—Went into effect July 1, 1857. General revision and further reduction of duties. A culminating free trade act, resulting in panic and commercial ruin. The worst period in the nation's history.

Act of March 2, 1861—Went into effect April 2, 1861. Intended to raise the necessary revenue for the government expenditures.

August 5, 1861—First of the war tariffs, large increase in duties.

December 24, 1861—Duties increased on sugar, tea and coffee.

July 14, 1862—Went into effect August 2, 1862. Further increase of rates.

March 3, 1863; April 20, 1864; June 30, 1864; March 5, 1865; March 15, 1866 and July 28, 1866—Bills changing and generally increasing duties.

Act of March 2, 1867—Took effect immediately. Rates increased on wool and woolens giving great benefit to those industries.

February 24, 1869—Rates increased on copper.

July 14, December 20, 1870.—General changes. Free list largely reduced. Duty of $28 per ton on steel rails.

May 1, 1872—Tea and coffee made free.

June 6, 1872—Went into effect August 1, 1872. Reduction of 10 per cent. Increased free list.

June 22, 1874—Revised statute, with slight and unimportant changes.

February 8, 1875—Known as the "Little Tariff Bill." General changes.

March 3, 1875—Took effect immediately. Rates increased on sugar. Repeal of 10 per cent reduction of act of June 6, 1872.

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Tariff legislation.

July 1, 1879—Quinine made free.

July 14, 1880—A few unimportant changes.

May 6, and December 3, 1882—Repeals discriminating duty.

Act of March 3, 1883—Went into effect July 1, 1883. Known as the Tariff Commission Bill. General revision, reductions and increased free list. Severe blow to wool industry.

Act of October 1, 1890—Went into effect October 6, 1890. Known as the McKinley Bill, the most perfect tariff measure ever framed. Changes from ad valorem to specific rates. Enlarged free list. Sugar made free, a bounty being substituted. Reciprocity law. Unusual prosperity in all lines of industry. More men employed and at higher wages than ever before in the history of the nation.

Act of 1894—Went into effect August 27, 1894. Known as the Gorman-Wilson Bill. Became a law without the President's signature. General reduction of duties. Wool put on free list. Great falling off in number of sheep. Increased importations of competing commodities to the detriment of American manufacturers. Great increase in national debt. Deficiency of revenue. Impairment of gold reserve, necessitating repeated bond issues. Decline in foreign trade. General depression in business throughout the entire country.

A most important act of tariff legislation was the so-called Administrative Customs Law of 1890, which went into effect August 1 of that year. It was an act to simplify the laws in relation to the collection of the revenues, and to do away with fraud and many underhanded methods then resorted to by importers.

The act proposed the appointment of nine general appraisers by the President. They were to receive a salary of $7000 yearly, to be under the general direction of the Secretary of the Treasury, not more than five were to be appointed from the same political party, and penalties were imposed for bribery in any form both for giver and receiver.

Thus have been described the various tariffs of the United States. Those which gave protection gave also prosperity. Those which failed to give protection brought disaster. In those tariffs which were protective the rates were different, but the results were the same. They were each adapted to cause protection in a greater or less degree at the time they were enacted. At another time each one of them might not be successful, for changed conditions require different rates, and it is the task of practical business men at any time to so adjust rates that they may operate to make secure the American markets for the American people.

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CHAPTER II.

GROWTH OF AGRICULTURE, 1850 TO 1890.

The tariff history of the United States, with a general *résumé* of the effect of fiscal legislation, has been given up to 1893, when our country and its industries reached the highest pinnacle of advancement and prosperity.

Our principal industries will now be taken up somewhat more in detail, although only the most essential features can be touched upon.

Distribution of population according to occupations—Agriculture.

The following statement from the census of 1890 shows the distribution of the whole number of males and females engaged in gainful occupations according to the number and percentage in each class:

CLASSES OF OCCUPATION.	Males.		Females.		Total.	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
All occupations, ...	18,820,950	100.00	3,914,711	100.00	22,735,661	100.00
Agriculture, fisheries and mining, ...	8,333,692	44.28	679,509	17.36	9,013,201	39.64
Professional service, . . .	632,641	3.36	311,682	7.96	944,323	4.15
Domestic and personal service, ...	2,692,820	14.31	1,667,686	42.60	4,360,506	19.18
Trade and transportation,	3,097,653	16.46	228,309	5.83	3,325,962	14.63
Manufacturing and mechanical industries, . .	4,064,144	21.59	1,027,525	26.25	5,091,669	22.40

Agriculture is the largest and most important industry of this country, and in it are engaged more people than in any other one occupation. The farmer feeds not only himself but all the rest of the inhabitants. Great, then, is his responsibility when he provides for a people that consumes more than any other people in the world.

There are certain essential requisites indispensable to the farmer's prosperity. First, good crops; second, a good market; third, reasonable prices for what he has to sell and buy. The American farmer is blessed as is no other tiller of the soil on earth, when all is considered. Our soil and climate give him good crops in nearly all food products consumed by man. Our protective tariff gives him a substantial home market and profitable prices for his products. It is impossible to consider the agricultural progress of this country without at the same time bearing in mind our growth in manufactures. Prosperity in the latter is indispensable to

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the healthy growth of the former. It was with this thought uppermost that the founders of the Republic avowed and adopted protection. Washington, Hamilton, Jefferson, Madison, Monroe and Adams all recognized the importance of a protective tariff to the farmer, and Andrew Jackson, in a letter to Dr. Coleman, of North Carolina, dated April 26, 1824, said:

> I will ask what is the real situation of the agriculturist? Where has the American farmer a market for his surplus produce? Except for cotton he has neither a foreign nor a home market. Does not this clearly prove, when there is no market at home or abroad, that there is too much labor employed in agriculture? Common sense at once points out the remedy. Take from agriculture in the United States six hundred thousand men, women and children, and you will at once give a market for more breadstuffs than all Europe now furnishes us. In short, sir, we have been too long subject to the policy of British merchants, it is time we should become a little more Americanized, and, instead of feeding the paupers and laborers of England, feed our own; or else, in a short time, by continuing our present policy, we shall all be rendered paupers ourselves.

Home market for farm products.

This policy of Jackson's was pursued and has been continued ever since, with the exception of the two free trade periods from 1833 to 1842, and from 1846 to 1860. A home market of almost incalculable magnitude has been built up and maintained—a market greater by far than all the markets of the world combined, and in this market the American farmer has for a generation and more sold over nine-tenths of his productions. Prosperous though he has been in the enjoyment of this vast market, he has suffered cruelly from inadequate tariffs, and has been the special object of attack by Great Britain and her American allies. Not only has the farmer suffered from this cause, but he has shared any misfortune to manufacturing interests as well. President Jackson, in his inaugural address, March 4, 1829, said: "With regard to a proper selection of the subjects of impost, with a view to revenue, it would seem to me that the spirit of equity, caution and compromise, in which the Constitution was formed, requires that the great interests of agriculture, commerce and manufactures should be equally favored."

This idea should ever be borne in mind that agriculture and manufacturing interests are inseparably united, and that the farmer needs protection, not only for himself, but for his customers as well. If any exception can be made to this principle it is only during a period of war at home or abroad—failure of crops or foreign famine. From such causes our farmers have benefited more or less. On the other hand, they suffered much from the ruinous effects of free trade periods preceding 1824 and from 1833 to 1842. Of the former period Henry Clay said: "If I were to select any term of seven years since the adoption of the present Constitution which exhibited a scene of the most widespread dismay and desolation, it would be exactly that term of seven years which immediately preceded the establishment of the tariff of 1824."

Of the next free trade period Colton writes in his life of Henry Clay, Vol. I:

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In Ohio, with all her abundance, it was hard to get money to pay taxes. The sheriff of Muskingum County, as stated by the Guernsey Times in the summer of 1842, sold at auction one four-horse wagon at $5.50; ten hogs at 6¼ each; two horses (said to be worth $50 to $75 each) at $2 each; two cows at $1 each; a barrel of sugar at $1.50, and a store of goods at that rate. In Pike County, Missouri, as stated by the Hannibal Journal, the sheriff sold three horses at $1.50 each; one large ox at 12½ cents; five cows, two steers and one calf, the lot at $3.25; twenty sheep at 13½ cents each; twenty-four hogs, the lot at 25 cents; one eight-day clock at $2.50; lot of tobacco, seven or eight hogsheads, at $5; three stacks of hay, each at 25 cents, and one stack of fodder at 25 cents.

The tariff of 1842 came to the rescue, and the farmer shared in the prosperity of the whole country.

Condition of agriculture after 1842.

The decline of the English agriculturist during fifty years of free trade has been fully stated in previous pages. It now remains to give a concise exposition of the progress of the American farmer in the same period, during thirty-three years of which he has enjoyed the benefits of a protective tariff. Several causes conspired to give more or less prosperity to our agricultural interests during the years immediately following the tariff of 1846. Among them may be mentioned short crops abroad, foreign wars and famine, together with the fact that from 1847 to 1857 we built 20,000 miles of railroads, bringing agricultural and manufacturing sections together, thus giving the farmer constantly increasing markets and lessening the expense of reaching them. Another cause of rapid progress, especially in the grain trade, was the increase in lake commerce. In the year 1845 the tonnage of the lakes consisted of only 380 vessels of all kinds, with an aggregate tonnage of 76,000 tons, while in 1863 it had increased to 1870 vessels and a tonnage of 470,034 tons. The gold discovery of 1849 was another most potent element acting to the farmer's advantage. The greatest factor, however, was the increase in farm implements and labor-saving machinery during the decade from 1850 to 1860. The value of labor-saving implements in 1850 was $6,842,611, while in 1860 it was $17,590,960, an increase of 156 per cent. This was exclusive of all articles made on the farm, and also excludes cotton gins, scythes, hoes, shovels, spades, forks, and some other articles to the value of $11,796,941, which might appropriately be added to the above, making a total of over $29,000,000 in 1860. It will be interesting to note where this great increase occurred which will be seen in the following table, showing per cent of increase in the manufacture of farm labor-saving implements and machinery from 1850 to 1860:

	Per cent increase.
Middle States,	134.2
Western States,	352.5
Ohio,	405.5
Illinois,	212.2
Iowa,	1208.6
Kentucky,	755.4
Southern States,	30.

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While the increase in Ohio, as seen above, was over 400 per cent, the increase in population was only 18.14 per cent. In short, both foreign and domestic causes of exceptional character operated to favor the American agriculturist during the decade from 1850 to 1860. In fact, the whole period from 1842 to 1860 showed a general increase in farm values and more or less prosperity for the farmer. And yet after all there were no elements so potent as the indomitable will, the unceasing perseverance, the strict economy and frugality, and the untiring labor of the agriculturist himself. He had to contend against much; he accomplished much in spite of adverse legislation. From Canada and Europe came millions of dollars worth of products which the farmers of the United States should have had the privilege of raising. To get a general idea of our agricultural progress since 1850, when the first complete agricultural returns were enumerated, Table No. 3 has been prepared:

Progress of agriculture from 1850 to 1890.

TABLE No. 3.

Table Showing Progress of Agriculture in United States, from 1850 to 1890. Compiled from United States Census.

		1850.	1860.	1870.[1]	1880.	1890.	
1	Land in farms improved, acres,	113,032,614	163,110,720	188,921,099	284,771,042	357,616,755	1
2	Number of farms,	1,449,073	2,044,077	2,659,985	4,008,907	4 564,641	2
3	Farm values,	$3,271,575,426	$6,645,045,007	$9,262,803,861	$10,197,096,776	$13,279,252,649	3
4	Total agricultural product,	$1,326,691,326	[2]$1,600,000,000	$2,477,538,658	$2,212,540,927	$2,460,107,454	4
5	Value of farming implements and machinery,	$151,587,638	$246,118,141	$336,878,429	$406,520,055	$494,247,467	5
6	All live stock values,	$544,180,516	$1,089,329 915	$1,525,276,457	$1,500,384,707	$2.208,767,573	6
7	Animals slaughtered, value,	$111,703,142	$213,618,692	$398,956,376	$303.562,413	$564,667,035	7
8	Number of sheep,	21,723,000	22,471,275	28,477,951	40,765,900	44,336,072	8
9	Wool, lbs.,	52,516,969	60,264,913	100,102 387	232,500,000	276,000,000	9
10	Cotton, bales,	2,469,093	5,387,052	3.011,996	5.755,359	7,472,511	10
11	Flax, seed, bushels,	562,312	566,867	1,730,444	7,170,951	10,250,410	11
12	" fibre, lbs.,	7,709,676	4,720,145	27,133,034	1,565,546	241,389	12
13	Wheat, bushels,	100,485,944	173,104,924	287,745,626	459,483,137	468,373,968	13
14	Rye, "	14,188,813	21,101,380	16,918,795	19,831,595	28,421,398	14
15	Corn, "	592,071,104	838,792,742	760,944,549	1,754,591,676	2 122,327,547	15
16	Oats, "	146,584,179	172,643,185	282,107,157	407,858,999	809,250,666	16
17	Barley, "	5,167.015	15,825,898	29,761,305	43.997,495	78,332,976	17
18	Buckwheat, bushels,	8,956,912	17,571,818	9,821,721	11,817.327	12.110,349	18
19	Butter and cheese, lbs.,	418,881,199	563,345,299	567,584,836	804,522,776	1,042,950,286	19
20	Hay, tons,	13,838,642	19.083,896	27,316,048	35,150,711	66,831,480	20
21	Potatoes, Irish, bushels,	764,939	1,264,429	1,632,205	1,497,017	1,749,656	21
22	" sweet,	208,993	236,740	218,706	329,590	408,519	22
23	Sugar, lbs.,	331,345,836	317,298,605	132,895,245	251,222,461	334,237,322	23
24	Molasses, gallons,	12,700,896	23,310,708	23,564,469	46,813,523	51,902,823	24
25	Tobacco, lbs.,	199,752,655	434,209,461	262,735,341	472,661,157	488,256,646	25
26	Number of swine,	30,354,213	33,512,867	25,134,569	47,681,700	57,409,583	26
27	Rice, lbs.,	215,313,497	187,167,032	73,635,021	110,131,373	128,590,934	27

It will be seen that there has been a steady growth and that in the last forty-five years our agriculture has made most wonderful strides.

In studying the table it must be remembered that all values in 1870 were on a paper money basis and the amounts should be decreased by about one-fifth. This alone will account for an apparent discrepancy in

[1] About one-fifth should be deducted from all values of 1870 to allow for a paper money basis.
[2] Estimated.

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the item of "value of products," the aggregate for 1870 appearing larger than 1880. The census of 1870 also included "betterments and addition to stock," while the returns for 1880 did not include these items. Again it must be borne in mind that there was a decline in prices from 1870 to 1880 ranging from 10 to 50 per cent, which will also account for the apparent decrease in the total value of agricultural products during this decade. There was, however, a large increase in quantities, as can be seen from the following table. There are no official figures for the total value of agricultural products for 1860, and estimates vary from $1,400,000,000 to $1,600,000,000, the latter probably being more nearly correct.

Progress of agriculture.

CROPS.	1870.	1880.	Per cent.
Wheat, bushels,	287,745,626	459,483,137	59.7
Oats, bushels,	282,107,157	407,858,999	44.6
Indian corn, bushels,	760,944,549	1,754,591,676	130.6
Cotton, bales,	3,011,996	5,755,359	91.1
Hay, tons,	27,316,048	35,150,711	28.7
Rice, pounds,	73,635,021	110,131,373	49.6
Tobacco, pounds,	262,735,341	472,661,157	79.9
Irish potatoes, bushels,	143,337,473	169,458,539	18.2

The superintendent of the census, General Francis A. Walker, says:

The value of the farms of the United States as returned in 1870, was $9,262,803,861. Were this to be discounted at the rate of the then existing premium on gold, it would yield about $7,500,000,000 as the gold value of the farms of the United States at that date. But it is a familiar feature of paper money inflations that the value of real estate, especially rural real estate, seldom begins to rise so early or continues to rise so long as the prices of commodities. Were we to assume the average enhancement of the value of all the farms of the country, east and west, north and south, in 1870, by reason of the depreciation of the currency, to have been 12½ per cent, being one-half the premium on gold, we should have as their true gold value about $8,250,000,000. This would give as the increase in the gold values of 1870 over those of 1860 (viz, $6,645,045,007), about 24 per cent, and in those of 1880 over 1870 about 24 per cent.

The foregoing tables, with the accompanying explanations of General Walker, give a comprehensive view of the American agriculturist's progress during the past fifty years, while during the same period the English agriculturist, under free trade, has been going steadily from bad to worse, till he is hardly a factor in the industrial life of Great Britain. The table shows most decided gains in every feature of farm life. While the total *value* of products shows an increase from 1850 to 1890 of less than 100 per cent, it must be remembered that there has been a great change in prices of all commodities both agricultural and manufactured. The table shows clearly, however, the increase in *quantities* of the various

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products of the farm, and, although prices have fallen in agricultural products, or what the farmer sells, they have fallen by a far greater margin in manufactures, or what the farmer buys, making his net gain a most substantial one.

Home consumption of farm products.

The census returns of agricultural products, however, are by no means complete. In the first place returns from no farm of less than three acres were given unless the product exceeded $500. The census gives only "principal vegetable productions" and "livestock on hand." Under the head of "manufactures" we find values of meats produced in the packing-houses, but of all the livestock killed by over 75,000 butchers by whom the people are supplied with the best of their meat, the census gives no return whatever. It gives the number of livestock kept but not the number killed for food. The amount killed by the butchers is ten times that which goes through the packing-houses. It has been estimated that the per capita consumption of meat in the United States is from fifty to seventy-five dollars per year. Taking the lowest of these estimates our annual consumption of meat would now reach the enormous value of $3,700,000,000 including that enumerated in the census. The census also omits "garden truck," so-called, except potatoes. Nothing is said of turnips, beets, celery, cresses, asparagus, pumpkins, squash, melons, citron, cauliflower, lettuce, onions, cabbage, parsnips, carrots, berries of any kind, beans, peas, peanuts, nuts of any kind, quinces, grapes, currants, cider, cider brandy, applejack, oysters, clams or other water products, cordwood, building materials, quarries, game, or many other products of countless farms. Certainly $2,000,000,000 is a fair estimate for all these. Our total farm products, then, on a most conservative estimate, reach a grand total in excess of $7,500,000,000, of which we sent abroad in 1894 $628,000,000 worth, or about 8 per cent, and if we exclude cotton and tobacco it will only be about 4 per cent. But we imported $270,000,000 of farm products in the same year so that our actual consumption is from 96 to 98 per cent of our production.

Need of protection for agricultural products.

In a word then the American farmer during the past half century, and especially during the past quarter century, has enjoyed amazing prosperity, and American agriculture has shown a wonderful growth. And yet we hear the constant refrain from free traders in Congress and on the platform, in pamphlet and paper, "Why is not the farmer prosperous?" the answer being, of course, protection. It has been shown that the farmer has been prosperous, and it can be shown with equal facility and clearness how he can be more prosperous. In the first place, he has never had sufficient protection. Had it not been for the causes enumerated from 1846 to 1860, our agricultural industry would have suffered as it did in 1820 and 1840, and as it has whenever the manufacturing interests were depressed by low tariffs. For the last thirty years wherever the farmer has had a market without foreign competition, he has

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prospered; wherever he has lacked a market or had foreign competition, he has only held his own or lost ground. First to consider foreign competition. It does not need a volume to prove that the American farmer cannot pay his laborer a dollar a day and compete with the farmer of India who pays six or ten cents a day. The wool grower of Ohio, Montana or Texas cannot compete even in the home market with the herdsman of Australia and Argentine, who enjoys the advantages of immense flocks, government lands and cheap pasturage. The cotton grower of the South is even threatened with an invasion of his staple product. The sugar grower of Louisiana and the beet raiser of Kansas must have aid of some kind to enable them to compete with the Cuban.

The increase in transportation facilities the world over, the cheapness of lands and labor in foreign countries, and the eagerness to compete not only in neutral markets, but to gain a foothold in our own, make it absolutely indispensable that the American farmer should have ample protection for each and every one of his productions. There are to-day 10,000,000 agricultural laborers in the United States, upon each of whom two other persons depend for support, and with a protective tariff sufficient to maintain our manufactures, thereby creating and preserving a home market, and sufficient to keep out all staple agricultural products, the American farmer can and will in a short time raise wool enough, produce sugar enough, harvest grain enough, and furnish enough of every product to supply a market almost at his own door, that in turn will be amply sufficient to give him profitable returns for his labor. Having ample protection then for himself and his customers, what next must the farmer do to continue prosperous? If the 10,000,000 all grow wheat no one will prosper. If proper proportions grow wheat, corn, cotton, rye, oats, hay, sugar, flax, wool, meat, fruit and vegetables, all will prosper. Manufacturers adapt themselves to demand, farmers must do the same. There is no need of going to Cuba for sugar, nor to Australia for wool, nor to India for cotton, wheat or jute. Our farmers must study markets, must consider their own resources, must adapt themselves to conditions and vote to sustain protection to home industries. It has already been shown on another page, how 100,000,000 sheep would consume all our surplus hay, corn and oats. Our beet raising resources are unequaled, and if taken advantage of would not only result in supplying enough sugar for our needs, but withdraw labor and capital from unprofitable forms of production. We can and do grow the best flax in the world, and yet it is almost exclusively used for seed. The rich soil of certain of our States is as well adapted to the cultivation of flax as that of any other part of the world, and our linen factories should be entirely supplied with the American product, which can be done and to the advantage of the growers of all other products. No better exposition of

Need of diversification of industry.

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this idea could be given than the following by J. R. Dodge, former statistician of the Department of Agriculture:

> In a primitive country the first business of farmers is to produce food to cater to the wants of the stomach; if they go no farther, as population advances and its wants increase with the progress of culture and civilization, and so neglect to supply the "raw materials" for the uses of the industrial arts, their country will forever remain primitive and poor. This country can not claim exemption from the inexorable rule. Nine-tenths (at least) of all the raw materials required for textile, metallic, mechanical, chemical, oleaginous or other manufacture can be produced, primarily by our farmers, diverting their labor to profitable channels, and swelling the value of their products, steadying the prices of the food staples, and insuring prosperity and comfort to all. No other panacea will cure hard times; a profitable outlet, by diversification and extension, for constantly augmenting rural labor, can alone make rural industry profitable. If the policy of going abroad for all fibres except cotton shall be put into permanent practice, and for all sugar and fruits, barley and oil seeds, to be paid for in corn and wheat and cotton, which are already crowded into foreign markets to the last pound and bushel, there will be no necessity for a "single tax" to make the farmer's land valueless, and no need of account-books, or pocket-books, and little demand for books of any kind.
>
> And yet there is gross ignorance abroad of the extent of these limitations of our agriculture, and of the means of recuperation. Many of our farmers are delaying the emancipation of rural industry and seeking to import cordage to bind upon their backs still closer their present burdens. Instead of enlarging the range of profitable production, they are seeking to restrict it. The wheat growers insist upon going to the antipodes for binder twine, while a million acres of flax are wasted in adjoining fields, and when they could produce hemp enough within six months to bind the wheat of the world. The cotton-growers want to go to India for jute, which will grow in their cotton-fields as readily as weeds. If we will not produce the twine to bind our sheaves, or the jute or hemp or flax to cover our bales, we shall have no right to complain of 50 cents per bushel for the one or 5 cents per pound for the other.

Nearness of market.

With ample protection, and diversified occupations, the remaining factor of the farmer's prosperity lies in the nearness of the factory. This is no theory. It is a condition based on experience and capable of the clearest proof. The farmer who in his own wagon carries his grain and vegetables to the neighboring town where dwells the well-paid mill hand, enjoys a far greater return for his labor than the farmer who sends his produce to a foreign or far-away domestic market, with freights and the profits of middlemen to be deducted from his selling price, even if the selling price to the consumer were the same in both instances. The farmer who sells at home not only makes a quick sale with no loss from decay, waste, expenses of carriage, or other profits, but the farmer of the United States has a customer with a purchasing power far in excess of any other customer or consumer of food on earth, who is not only able and willing to pay better prices for his food, but who purchases twice the quantity or more. This fact has been clearly established in tables compiled by the Agricultural Department showing that farm values and production as well as prices are greater in the manufacturing countries and States.

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Higher price of agricultural products and labor in manufacturing States.

This is seen clearly by taking two representative States and showing the cash value of farm products per acre in 1887, as per report of the Department of Agriculture for that year:

CASH VALUE OF PRODUCTS PER ACRE.

	Indiana.	Massachusetts.
Corn,	$9.00	$24.78
Wheat,	9.72	14.81
Rye,	6.38	7.70
Oats,	7.83	12.21
Barley,	11.71	16.53
Buckwheat,	5.48	9.72
Potatoes,	31.35	60.72
Hay,	11.52	18.96
Tobacco,	22.00	242.25

Quoting further from the same authority, the yield per acre is seen:

Indiana,	bushels of corn per acre,	20
Massachusetts,	" " "	35.4
Indiana,	price per bushel,	45 cents.
Massachusetts,	" "	70

Further still, the wages of agricultural laborers for the same States, taken from the Commissioner of Agriculture's report for 1885, were as follows:

Indiana,	per month per year,	$22.20
Massachusetts,	" "	28.75
Indiana,	day transient,	1.08
Massachusetts,	" "	1.50

Nor is this all. One of the Eastern investment companies, whose sole business is to effect loans on Western farms, reports among the buyers of farm mortgages, ten savings banks in Vermont and thirty-three savings banks in New Hampshire. As the two States named are principally agricultural, it is fair to presume that the loans are mainly from Eastern to Western farmers. These figures, let it be clearly understood, are given for the one purpose of showing the advantage of proximity of farm and factory; and since the date of compilation Indiana and all her sister States have yearly reaped more and more the benefits of this very condition, and will continue to do so as new industries, fostered and protected by an adequate tariff, are planted and operated near the great farms of the West.

Western farm mortgages.

The loans made by Eastern to Western farmers bring us to the subject of Western farm mortgages. Perhaps no feature of our industrial economics has given the free trader so much apparent concern as this matter of Western farm mortgages. Certainly no subject has furnished the ground for so much deceit and fraudulent presentation of figures, inaccurate premises and false conclusions. A vast number of farmers owe their present prosperous condition to the fact that they have gone West, bought farms, and been able to borrow the money to improve and develop them.

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In ninety-nine cases out of a hundred a farm mortgage is an evidence of thrift and progress, and not of embarrassment or shiftlessness. Farm mortgages for the most part represent cultivated and productive farms and comfortable homes, where otherwise there would have been waste lands. Farm mortgages have enabled the day laborers to become prosperous farmers on their own account. They have enabled a farmer to increase his acres two, four, ten, and even fifty times with production of like ratio. It is true that some mortgages are foreclosed and some farmers fail to make their payments, but so do some manufacturers and merchants. Pages might be filled with illustrations of misleading statistics which have been circulated by the agents of the Cobden Club, regarding these farm mortgages, but one or two will suffice.

Instances of misrepresentation with regard to Western mortgages.

During the campaign of 1888 a table was compiled and went the rounds of the free trade press purporting to show the farm mortgages of six States as follows:

WESTERN FARM MORTGAGES.

Kansas,	$235,000,000
Indiana,	635,000,000
Iowa,	567,000,000
Michigan,	500,000,000
Wisconsin,	357,000,000
Ohio,	1,127,000,000

Now by turning to the compendium of the tenth census the reader will find:

VALUE OF FARMS.

Kansas,	$235,000,000
Indiana,	635,000,000
Iowa,	567,000,000
Michigan,	500,000,000
Wisconsin,	357,000,000
Ohio,	1,127,000,000

It will be seen that the census figures of farm values is published as farm mortgages. It seems that such a gross error as this could only have been committed with a deliberate intent to deceive.

Comment on such reprehensible methods of free traders in arousing concern for the farmer is hardly necessary. Another instance of free trade fabrication pure and simple was a statement made by the New York Times that the farm mortgages of Illinois amounted to $620,000,000. As this item went the rounds it grew larger and larger till the St. Louis Republic made it $3,000,000,000. At the time this item was tossed around it was impossible to give any authoritative figures of any kind. Subsequently, however, in 1889 the Illinois bureau of labor completed inquiries and compiled the statistics. The facts were these: The total mortgage indebtedness on farms was $123,733,098 of which $20,633,072 were for deferred payment on the purchase money. According to the census of 1880 there

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were in the State of Illinois 34,694,172 acres outside of Cook County (Chicago) valued at $979,703,337, showing that the mortgage indebtedness for loans was only 10.52 per cent of the census valuation. The average life of a mortgage was found to be three years, and the average rate of interest not 20, 15 or even 10 per cent, but 6.9 per cent. So, too, with Nebraska and Kansas and Iowa and other Western States. When the free traders' claims are analyzed and reduced to truth, little remains but a small per cent of debt which is being rapidly liquidated. So much was said and written on this subject in 1888 and 1889 that the superintendent of the census made a thorough investigation in 1890 and since his reports have been published free trade papers and orators have left the subject severely alone. Besides the general statistics gathered, a thorough canvass was made by trained statisticians in counties in Illinois, Iowa, Massachusetts and New York. Superintendent Porter summarizes the results of the canvass as follows:

The extent of the so-called "mortgage evil."

First it was shown (by the Cattaraugus County, N. Y., investigation), with a fair degree of accuracy, that only eight-tenths of 1 per cent of the total debt represented by mortgages recorded prior to 1869 remained unpaid. Less than 8 per cent of the mortgage debt in force is represented by mortgages recorded prior to 1879. The other experimental inquiries made by the census office fully corroborate the fact brought out in Cattaraugus County. It was ascertained, for example, that only 3 per cent of the mortgage debt of the people of Hampden County, Massachusetts, was created prior to 1880, and that only 5 per cent of the debt in Scott County, Iowa, was created before 1880. These three conclusions, all pointing in the same direction, would indicate in the Western States certainly, and to a considerable extent in the Eastern States, that a comparatively small percentage of the existing recorded indebtedness of the present time was created previous to 1880.

THE MOTIVE FOR MORTGAGING PROPERTY IN NINE TOWNS OF CATTARAUGUS COUNTY.

	Percentage.
For purchase money,	54.55
For improvements,	17.30
To pay previous mortgage,	1.81
To pay debts,	1.38
To use in business,	1.68
To secure indorsements,	1.40
To raise money for investment,	.60
To sink oil wells,	.29
To secure annuities,	.25
To pay off heirs,	.16
For support and family expenses,	.14
Sickness,	.16
Extravagance,	.14
Speculation,	.08
Miscellaneous,	.30
Total,	80.24
No motive ascertained,	19.76
Total,	100.00

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Mr. Edward Atkinson (free trader) took occasion to investigate the matter from the standpoint of the Mortgage Loan Companies, and his conclusions were published in Bradstreet's, November 12, 1887. We quote the following:

The reduction in the rate of interest has been from 10 per cent annual interest and 10 per cent commission on a five years' mortgage to an average of 6½ to 7½ per cent at the present time, without commission.

Many of those to whom loans were first made are now lenders through the same corporations.

The present conditions indicate widespread and almost universal prosperity.

Atkinson on the mortgage question.

Mr. Atkinson says further on this subject in the Forum of May, 1894:

There are within the United States 4,564,641 separate farms, averaging about 137 acres each, of which, in the Eastern, Middle, Western and Pacific States, 80 per cent are occupied and managed by their owners. Far more than one-half these farms are free of any mortgage whatever; the rest are mortgaged for far less than half their value.

The result of that investigation has sustained the conclusions which I had reached by a very partial investigation of the same subject in the preceding five years, namely:

1. That the larger part of the Western farms cultivated by owners were free of any mortgage whatever.

2. That the Western farmers were creditors rather than debtors.

3. That the burden of farm mortgages is a very light one.

In fact, the statistics of this partial investigation, which was necessarily very limited, had led me to the conclusion that there existed no great body of the people of any class in this country, who were, as a whole, so free from debt and so absolutely independent as the Western farmers of the grain-growing States.

In making provision for the census of 1890, a special appropriation of $1,000,000 was set apart to be expended in ascertaining the exact condition of farms and homes with respect to mortgages. A more useful appropriation could not have been made for any statistical purpose. Mr. George K. Holmes and Mr. John S. Lord were deputed by the superintendent of the census to do this work, and there could have been no more judicious selection. On the nineteenth of December an extra census bulletin was issued, giving the statistics of the decade from 1880 to 1889, inclusive, in thirty-three States and territories. The total mortgage indebtedness of the whole country has been ascertained, and it is stated that this detailed report of thirty-three States covers seven-ninths of the mortgages made in the United States during the decade, and that the outstanding mortgage debt on the first of January, 1890, given in this report, covers substantially five-sixths of the entire mortgage debt on acres and lots in the whole country.

The first startling fact developed by the mortgage statistics is that in these specific thirty-three States and territories nearly 7,000,000 mortgages have been recorded in ten years for a total sum of nearly $9,500,000,000. The final statement, covering the whole country, which has not yet been published, discloses the fact that 9,517,747 mortgages were executed in the decade 1880-89, to the amount of $12,094,877,793.

On the first of January, 1890, the amount of these mortgages remaining unpaid in thirty-three States was $4,935,455,896; in the whole United States, $6,019,679,985. It, therefore, appears that during the decade one-half the mortgages incurred had already been paid.

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These original mortgages executed prior to 1880 must have been wholly liquidated, mostly by payment. Evidence obtained from solvent farm mortgage companies proves that, as fast as they matured, they were either finally paid, or else in some instances new mortgages were executed at much lower rates of interest than were customary in the era of paper money in the previous decade. On this basis the summary would be:

Mortgages in force January 1, 1880, estimated,	$ 1,500,000,000
Executed since,	12,000,000,000
Total,	$13,500,000,000
In force January 1, 1890,	6,000,000,000
Paid,	$ 7,500,000,000

The payments, therefore, amounted to 55 per cent.

We find that the average life of a farm mortgage is a little less than five years —rather longer in the East than in the West, but practically five years in the grain-growing States.

In order to bring out the evidence of prosperity rather than adversity developed in these conditions, one must ask, What does a man, in fact, borrow, when he executes a mortgage upon land? He does not borrow money in a true sense. In a vast number of cases only a title to money passes in the form of a check, a draft or a bill of exchange. What he in fact borrows is the land itself, or such part of it as the encumbrance represents. If we regard foreclosure as a sign of lack of benefit to the borrower, the figures show that in all but an insignificant proportion of these negotiations it has been as much or more to the advantage of the borrower to borrow the farm or home as it has been to the benefit of the lender in securing interest on the loan. The advantage is mutual, but distinctly greater on the part of the borrower, who has been enabled to become the owner of a homestead and the improvements thereon at lessening rates of interest throughout this period.

An analysis of the statistics of farm mortgages.

The first effective analysis of farm mortgages which has ever come under my notice was made by Mr. A. H. Heath, the Commissioner of Labor Statistics of Michigan for the year 1888. He obtained the data for 58 per cent of all the farms of Michigan, numbering 90,803, assessed for $194,854,633.

Out of 90,803 farmers 43,079 stated that their farms were mortgaged. A few refused to reply. The greater part of the remainder stated that their farms were not mortgaged. The true value of the farms which were mortgaged, estimated to be about one-half the total number, was $100,000,000; the mortgage debt $37,500,000. Of the farms investigated, 31,570 were owned or occupied by men of foreign birth, the rest by Americans. In answer to the question put to the foreign element, "Had they any money when they arrived in the State?" 8067 answered, "Yes," giving the sum of money in their possession at $4,633,188 in all; 23,503 answered, "No." From these data we reach the following conclusion:

Foreigners brought money into the State to the amount of,	$ 4,633,188
The mortgage debt on these specific farms was,	11,191,714
Making a total of,	$ 15,824,902
The assessed value of these specific farms was,	52,537,871
The true value,	65,672,333

It follows that these 31,570 foreigners who came from Germany, Canada, England, Ireland, Holland, Scotland and nearly every other country in Europe, from the East Indies, Australia, Hayti, Mexico and South America, had been

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enabled, by borrowing money on mortgage to become possessed of real estate worth $50,000,000 more than the encumbrance and the cash brought in by themselves; and this estimate does not include the farm animals, tools and furniture used upon the farm.

The principal Western indebtedness on mortgage is in and around Chicago, but there is one startling fact to which my attention has been called by Mr. Holmes. In the great urban region in and around New York City, in Kings, Queens, New York, Richmond and Westchester Counties, in the State of New York; and in the counties of Bergen, Essex, Hudson, Monmouth, Passaic and Union, in the State of New Jersey, the real estate mortgage debt is $1,279,343,703. This amount is 21.25 per cent of the whole real estate mortgage debt of the United States. It is 51.04 per cent of the real estate mortgage debt of what is commonly known as the West, extending from Ohio westward to Kansas and northward to the Dakotas, with its populous cities of Chicago, Cincinnati, Cleveland, Detroit, Minneapolis, Kansas City, Milwaukee, Omaha, St. Louis and St. Paul. It is doubtless true that the value of the real estate in and about New York is far more than sufficient to sustain this indebtedness, yet it is an important fact to know where the indebtedness lies, and what is the relative burden contrasting the East with the West.

It will be remarked that the amount of the encumbrance in the eleven counties in and around the City of New York exceeds the amount of mortgages on all the farms of the United States.

Speaking further of the Census Inquiry, Mr. Atkinson says:

Thus far the mortgages upon acres have been dealt with as if they were the same as mortgages on farms. As yet no complete separation has been made, but I am permitted to make the following statement on the authority of the census officials.

In Bulletin No. 63 a partial analysis is made of the specific mortgages on actual farms which are occupied by owners apart from hired farms, and acres which are not strictly farms. Deductions from these figures, applied to the total mortgage on acres in the United States, would give the following result:

Total mortgage on acres in the whole country, January 1, 1890,	$ 2,209,148,431
On farms occupied and worked by owners (estimated),	1,009,148,431
On hired farms and acres not strictly farms,	1,200,000,000

The encumbrance on hired farms is believed to be very small. The value of all the 4,564,641 farms in the United States in 1890, including improvements, was $13,279,252,649. The estimated mortgage thereon, January 1, 1890, was $1,009,148,431, equal to 8 per cent, subject to the addition of a small amount on hired farms.

Real estate mortgages in England.

In substantiation of these views of Mr. Atkinson, the following can be added from the last annual report of the Secretary of Agriculture, Sterling Morton. Speaking of the indebtedness of various classes of owners he says: "These figures show an enormous and constant indebtedness of the banks and bankers alongside of which the money in farm mortgages and the debts offered by farmers are relatively insignificant. The debts of railroads, bankers, manufacturers and merchants entitle them and not the farmers, to be called the 'debtor class' in America."

In closing this subject it may not be amiss to note that according to Mulhall the mortgage of real estate in England is 58 per cent of its value, and Sir Edward Sullivan says: "Since 1876 value of lands and

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incomes from farms in England have fallen from 30 to 50 per cent, but the interest on the mortgages remains the same." Of these same farmers Henry Fawcett, the eminent free trade economist, says:

> There are few classes of workmen who in many respects are so thoroughly wretched as the English agricultural laborers. They are in many respects so miserably poor that if they were converted into slaves to-morrow it would be for the interest of their owners to feed them far better than they are at present. Throughout large agricultural districts not a single agricultural laborer will be found who has saved so much as a week's wages. A life of toiling and incessant industry offers no other prospect than a miserable old age.

But the condition of the English farmer is not the subject of this chapter, nor is it necessary to place the American agriculturist in contrast with the degraded and ruined tillers of other lands to prove his prosperity. He is the most happy, the most contented and withal the most prosperous of all our people. His labors, his cares, his responsibilities are all lighter than those of the average worker. His acres are his own. The products of his lands he can consume himself or sell at will. His house is a home and not a hovel.

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CHAPTER III.

Showing the Progress of the Textile, Iron and Steel, and Miscellaneous Industries, from 1860 to 1890.

Growth of cotton industry.

Half a million persons were employed in the textile industries of this country in 1892 with wages exceeding $165,000,000. The cotton industry dates back over a century, the Slater Mill of 1790 being the first successful one started in this country for spinning by machinery, and in 1890 221,585 persons were employed, turning out $267,981,724 worth of cotton goods. American grown cotton was not then used. Slater imported his cotton from India, and the man who had predicted that the United States would one day grow cotton for the world would have been an object of ridicule. American grown cotton has been in use since 1794. In 1829 the crop amounted to 870,415 bales. In 1891 it exceeded 9,000,000 bales. A duty of three cents per pound was imposed in 1790 and remained with slight changes till 1846. From that year it continued on the free list till 1862. It was again made free in 1868 and has remained on the free list since. In 1799 we exported 9,000,000 pounds, in 1817 95,000,000 pounds, in 1845 872,000,000 pounds, and in 1894 2,669,026,886 pounds valued at $207,964,384. We grow three-quarters of the world's crop and our American mills consume one-quarter of it. Our early cotton mills endured a hard struggle. The low duties (15 per cent ad valorem) were not sufficient to enable our manufacturers to withstand English competition. In 1807 we imported about $11,000,000 worth of cotton goods from England, but in the following year came the embargo act, when imports of foreign goods were prohibited and our cotton manufactures took a rapid stride. The war of 1812 increased the output and in 1815 we had 500,000 spindles at work consuming 90,000 bales of raw cotton. At the same time England was using 235,350 bales and turning out far superior goods. In 1816 a uniform duty of 25 per cent ad valorem, based on a minimum valuation of 25 cents per yard, was imposed, the minimum being increased to 35 cents in 1824, and continued until 1846 with the exception of 1839 to 1842. Even free traders like Professor Taussig admit that the protective duties of 1816 and 1824 were necessary for the continuance of the cotton industry of this country. Coarse cotton cloths in 1816 were worth twenty-five and thirty cents a yard, and in 1830 nine cents. By 1846 the industry was firmly established. We were, however, making only the coarser grades. When the war of the rebellion came, and with it higher duties, finer grades were made. Since 1870 our progress in all grades of cotton manufactures has been rapid and constant.

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The table on page 152, from the Bulletin of the National Association of Wool Manufacturers,[1] compiled from official sources, will show not only our own progress but a comparison with England as well.

The world has about 80,000,000 spindles in operation. France, Germany and Russia about 5,000,000 each. In India there are about 150 cotton mills with 3,500,000 spindles. In Japan there are over twenty mills in operation, and the manufacture is increasing with great rapidity.

With the establishment of cotton mills in the Southern States our growth in cotton manufacture is likely to continue, and with a return to protection and a restoration of a home market it will not be many years before we shall overtake England in the product of our cotton spindles. As for a foreign market of any value, we cannot obtain it as long as we pay 117 per cent higher wages than England. Our exports have not changed in ten years. For the present, at least, the home market under a protective tariff with an adequate duty on all grades of cotton goods to cover the difference in cost of manufacture, will suffice to sustain our great cotton industry and continue its progress.

Comparative wages

The following table, showing the difference of wages in American and English cotton mills, was compiled by William Whitman, Jr., of Westerly, R. I., and the comparisons are drawn from two mills, one in Bolton, Lancashire, England, the other in New England, with both of which he had been connected:

Class of Help.	American mill	English mill.	Difference.
Boss pickers,	$11.00	$5.04	$5.96
Helpers,	6.00	2.40	3.60
Boss carder,	24.00	8.64	15.36
Second hand,	15.00	6.50	8.50
Card grinders,	11.00	5.04	5.96
Card boy,	5.00	2.40	2.60
Card girl,	3.75	2.16	1.59
Comber tenders,	7.00	3.48	3.52
Silver lap tenders,	5.00	2.16	2.84
Ribbon lap tenders,	5.50	2.76	2.74
Drawing lap tenders,	6.00	3.00	3.00
Slubbing lap tenders,	6.50	3.48	3.02
Inter lap tenders,	7.50	3.48	4.02
Roving lap tenders,	8.00	3.98	4.02
Jack lap tenders,	8.55	4.20	4.35
Mule spinners,	16.00	9.12	6.88
Mule overseer,	24.00	9.60	14.40
Mule back boy,	3.00	1.92	1.08
Engineer,	18.00	7.20	10.80
Fireman,	13.00	6.00	7.00
Machinist,	15.00	6.72	8.28
Packer,	10.00	5.04	4.96
Comber overseer,	15.00	7.20	7.80
Boss warehouse,	14.00	7.20	6.80
Total,	$257.80	$118.72	$139.08

[1] Page 261, Bulletin, 1892.

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Comparative progress of cotton manufactures in the United States.

Spindles, Cotton Consumption, and Value of Cotton Manufactures.—Great Britain and the United States.

ENGLAND.

	Spindles.			Cotton Used.					Product.		
	Number.	Increase.	Per cent Increase.	Pounds.	Increase.	Per cent Increase.	Pounds per Spindle.		Value.	Increase.	Per cent Increase.
1832 . .	9,000,000			300,000,000				1830 . .	$195,000,000		
1838 . .	13,000,000	4,000,000	44.4	410,000,000	110,000,000	36.7	31.6	1840 . .	240,000,000	$45,000,000	23
1850 . .	20,977,017	7,977,017	61.4	611,000,000	201,000,000	49	29.1	1850 . .	245,000,000	5,000,000	2.1
1860 . .	30,430,467	9,453,450	45	978,300,000	367,300,000	60	32.1	1860 . .	405,000,000	160,000,000	65.3
1870 . .	33,995,221	3,564,754	11.7	1,052,470,000	74,170,000	7.6	32.9	1870 . .	455,000,000	50,000,060	12.3
1880 . .	37,670,000	3,674,779	8.9	1,404,000,000	351,530,000	33.4	37.3	1880 . .	525,000,000	70,000,000	15.4
1889 . .	40,515,162	2,845,162	7.5	1,508,000,000	104,000,000	7.3	37.2	1889 . .			

UNITED STATES.

	Spindles.			Cotton Used.					Product.		
	Number.	Increase.	Per cent Increase.	Pounds.	Increase.	Per cent Increase.	Pounds per Spindle.		Value.	Increase.	Per cent Increase.
1830 . .	1,240,000			77,000,000				1830 . .	$40,000,000		
1840 . .	2,284,631	1,044,631	84.3	113,058,000	36,058,000	47	49.5	1840 . .	50,000,000	$10,000,000	25
1850 . .	3,633,693	1,349,062	59.5	272,527,000	159,469,000	141.5	75	1850 . .	70,000,000	20,000,000	40
1860 . .	5,235,727	1,602,034	44.9	422,705,000	150,178,000	55.1	80.7	1860 . .	120,000,000	50,000,000	71.4
1870 . .	7,132,415	1,896,688	26.7	398,302,000	[1] 24,403,000	[1] 5.8	55.9	1870 . .	150,000,000	30,000,000	25
1880 . .	10,653,435	3,521,020	50.7	750,344,000	352,042,000	88.4	70.5	1880 . .	192,000,000	42,000,000	28
1890 . .	14,350,000	3,696,565	34.7	1,117,946,000	367,602,000	49	79.3	1890 . .	268,000,000	76,000,000	39.6

[1] Decrease.

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Existence of cotton manufactures depends upon protection.

It will be seen that the difference in favor of the English manufacturer is 117 per cent in labor cost. Besides this he has the most efficient machinery in use, abundant capital, long established markets and trade relations, and artisans as skillful as any in the world. The advantage derived from labor cost alone enables the British manufacturer to undersell the American in every foreign market, and if our duties were removed we should be compelled to reduce our wages to the British level or close our mills. It has been proven in preceding chapters by the evidence of English manufacturers, that we not only owe the establishment of this industry to protection, but that without protection it would be ruined.

This is true notwithstanding the fact that it is an old industry; that it has received the most constant and highest protection of all industries, and that there has been attracted to it abundant capital, and our ablest and most competent manufacturers, who have placed it on the most efficient basis, so far as the best machinery, the latest and most approved appliances are concerned. Again, it has the advantage of free raw material, as cheap raw material as the industry of any country. Yet we cannot pay 117 per cent higher wages than are paid in England and make goods as cheaply as they can. It is all nonsense to talk about the superiority of our labor when many of our operatives came from England, where they learned their trades. If our manufacturers could make goods cheaper than they can be made in England, they would be quite as apt to find it out as the free trade agitators. Our manufacturers are anxious to extend their business, and if, in fact, they could make goods cheaper than foreign rivals, they would be shipping their fabrics to South America and other points as accessible to them as to any one. Customers would be found, goods sold and our exports would increase, but this has not been done and cannot be done so long as they pay 117 per cent, or more than double the wages paid in England. This fact, well understood by the cotton trade of the entire world, is questioned only by the free trade agitators.

Knit goods.

Knit goods though classified in the census under woolen manufactures come properly under cotton. In 1850 there were but 85 knitting mills in this country. In 1890 there were 807 paying $18,000,000 in wages and producing $67,000,000 worth of fabrics. In three years under the McKinley bill these 807 knitting mills had increased to 993. It was almost impossible for hosiery and knit goods manufacturers to get sufficient hands to meet the demands. And yet in a single year under the Gorman tariff this condition has been reversed, and mills and thousands of operatives are idle. The protection afforded by the McKinley bill is necessary for the continuance of the industry on anything like the scale of 1893. A dollar is paid in Philadelphia for precisely the same service for which a mark is paid in the knitting mills of Germany.

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But the benefit is by no means confined to the laborers in the industry itself.

A demand has been made on American genius and invention with the result that there has been wonderful development and improvement in the manufacture of machinery, much of which is now used in European mills. But for the establishment of the knitting goods industry here neither we nor our competitors in Europe would have had the machinery now used and not only our own people but the people of Europe would be paying much higher prices for the comfortable clothing now obtained so reasonably.

Lace curtains.

The lace curtain industry was hardly known in this country till the McKinley bill imposed a duty of 60 per cent on fabrics that previously had a duty of only 40 per cent. In three years instead of one plant with 12 machines there were 122 machines capable of producing weekly from 50,000 to 100,000 pairs of curtains. Our manufacturers were compelled to pay 50 per cent more for their machinery than their foreign competitors paid, as it is not yet constructed in this country. As for the difference in wages the following table shows the prices paid for labor in Scotland and the United States:

	Scotch labor (per week).	American labor (per week).
Fixers, men,	$10.00	$20.00
Weavers, men,	6.00	$12.00 to $15.00
Shuttlers, boys,	$1.50 to 2.50	4.00 to 6.00
Brass winders, females,	2.50	6.00 to 7.00
Menders, females,	3.50	5.00 to 9.00
Winders, females,	3.00	6.00 to 8.00
Operators, females,	3.00	6.00 to 8.00
Odd help, females,	2.00	4.00 to 8.00

Attraction of foreign capital.

And with the increased duty and the increased employment of labor came a reduction of 25 per cent in the price of lace curtains. Messrs. Cleland & Campbell, of the Columbia (Pa.) Lace Company, who also operate a factory in Scotland, declared that if the McKinley bill had remained in force another year seven-eighths of the lace manufactories of Nottingham and Scotland would now be located in America. But the duty was made 45 per cent by the Gorman-Wilson bill, and like scores of other industries that of lace curtains hangs in the balance.

Mr. Cleland, the senior partner of the above-mentioned firm, talked freely to a newspaper correspondent in 1892, as follows:

> We had to come. We were knocked out completely by the raising of the duty. America is the greatest consumer of lace curtains in the world. There are more people here than in any other country who can afford to have lace curtains in their homes. So, when the American market was closed to us there was nothing

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for us to do but to get inside of the tariff fence. If President Harrison is elected, as I most earnestly hope he will be, there will be lots of other concerns in our line of business who will move over also. We are loaded down with orders for months ahead, and the outlook is good for a most prosperous business in spite of the high wages we must pay.

As to wages, we will have to pay more than double what we did in Scotland. The men who tend the machines we paid over there 24 shillings a week—about $6 in your money. Here we must pay them $15 a week. The same proportion runs through the whole scale. As to the cost of living, it is not much greater here than in Scotland, with the exception of rents. But even that difference is not as great as it seems, because the accommodations here are so infinitely superior. There families live in two rooms, a kitchen and a bed-room. Here we are building a row of houses for our workmen with four rooms each. Where the men paid $3 a month rent over there they will pay $8 here, but the quarters are three times as comfortable. The prices of food are about the same in both countries. Clothes are a little higher, but that is compensated for by the fact that they don't need as heavy clothes here. Some of my men bought a lot of clothes before they came over, and now find them so heavy they can't wear them here. In fact, they laid in a stock of everything, down to pipes and matches, on the supposition that prices were so much higher here, and now they find in many cases that they could get better things for their money in this country. In short, they can live here on the money they earned in the old country and save the difference between wages there and here.

We are all delighted with America, and have received the kindest welcome here. For myself, I haven't been homesick a day Now that I am a resident of the United States I am a firm believer in Republican principles and the policy of protection. In the lace business it's the only thing that protects you from the competition of the old countries. If it were not for the duty there wouldn't be a bobbin turning in this country. I presume the same holds good in other industries.

Wool and woolen manufactures.

Wool and its manufacture in the United States are so closely identified as to warrant their being treated together. Without our woolen mills our sheep industry would amount to but little. Without our sheep and their wool our woolen mills would be at a great disadvantage. As early as 1657 protection was afforded to wool and woolens in Virginia by prohibiting transportation of sheep out of the colony and by a bounty of five pounds of tobacco for every yard of woolen cloth made in the colony. Various laws were made for the encouragement of the woolen industry up to the Revolution.

It was not till 1824, however, that a duty was imposed on wool and from that time till the Gorman-Wilson tariff of 1894 the whole duty has never been removed, though certain grades were admitted free under the laws of 1833 and 1857. The industry was of slow growth up to 1860. In 1840 we had 19,000,000 sheep and during the next twenty years under a revenue duty the number increased only 3,000,000 while in the next twenty-five years under protection the number had increased to 50,000,000, a gain of 125 per cent. The subject of sheep and wool has been treated somewhat in detail elsewhere. To show our progress in the manufacture of woolens the following table is appended :

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MANUFACTURE AND IMPORTATION OF WOOLENS.

YEAR.	Domestic manufactures.			Importations.		
	Value.	Value per capita.	Percentage of total consumption.	Value.	Value per capita.	Percentage of total consumption.
1820, . .	$4,413,068	$ .46	38	$7,238,954	$ .75	62
1830, . .	14,528,166	.88	64	8,290,062	.75	36
1840, . .	20,696,999	.82	60	13,950,772	.94	40
1850, . .	43,207,545	1.86	77	13,005,852	.65	23
1860, . .	65,596,364	2.09	68	31,333,273	1.16	32
1870, . .	177,495,689	4.60	85	33,046,521	.94	15
1880, . .	267,252,913	5.34	87	39,537,694	.90	13
1890, . .	338,231,109	5.40	86	54,165,422	.86	14

Effect of tariff legislation on wool and woolens.

On no branch of American industry has the tariff so much effect as on wool and woolens. This has been shown most clearly in the last five years. The effect of a most judicious adjustment of duties by the McKinley bill was the running of every mill in the country at full time, and in many cases at over time. In the year ending June 30, 1893, the importations of raw wool were the largest ever known, and amounted to 168,000,000 pounds. Our mills consumed not only all of our own products, but this 168,000,000 pounds of foreign wool besides. As our imports of manufactures did not materially increase, it proved clearly an increase in the demands of the American market, and yet the price of clothing was lower than ever before. But the menace of free wool and lower duties on woolens turned all this prosperity of both producer and consumer into disaster and ruin. The Commercial Bulletin of Boston sums up the situation as follows:

> In all lines of business 1893 will be remembered as a year of agony. In the wool trade it has been a more fearful succession of disaster and breakdown than could have been imagined. During the year the price of wool has been reduced almost one-half. Shut-downs, cut wages, strikes and failures have been the daily pabulum for ten months of the last twelve.
>
> Yet this year opened more prosperously from a commercial standpoint than any we have known. An unprecedented condition of prosperity has in twelve months been converted to an unprecedented condition of adversity. Financial disturbances helped, but the one primal cause of this wide-reaching suffering is the vote of the American people in November, 1892, in favor of breaking protective tariff.

The effect of the reduced duties under the act of 1883 in stimulating employment of business in Bradford, England, may be seen from the following table, compiled from the reports of the Hon. John A. Tibbit, United States Consul:

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EXPORTS FROM BRADFORD TO UNITED STATES IN 1883 AND 1890.

Increase of imports under the tariff of 1883—Effect of the McKinley act.

	1883.	1890.
Camel's hair tops,	$59,332	$446,275
Card clothing,	25,120	65,960
Carpets and rugs,	272,686	303,037
Cotton goods,	51,663	169,189
Cow and calf hair,	1,191	65,891
Hair cloths,	120,709	12,127
Hemp bagging,	. . .	394
Machinery,	207,298	468,796
Mohair goat's hair,	28,191	223,071
Noils,	39,451	114,042
Shawls, etc.,	11,450	16,441
Shoddy,	. . .	7,724
Silk, silk seals, plushes, etc.,	54,188	2,244,311
Silk waste,	37,372	19,590
Stuff goods,	6,239,074	10,601,794
Tapestry, damask, etc.,	13,330	20,357
Waste, worsted,	386,500	445,152
Wool,	886,988	1,338,061
Woolen goods,	245,953	271,775
Worsted coatings,	1,603,011	5,310,107
Yarns, worsted,	312,675	914,123
Yarns, mohair,	. . .	174,779
Yarns, other,	. . .	120,453
Total,	$10,596,182	$23,353,449

It was the constantly increasing imports of such articles which, in 1890, prompted the protectionist party in the Congress of the United States to raise the duties on those articles in order that they might be made in American factories by American labor. The result of such legislation has been the decline in imports of some of the principal articles from Bradford, England, as shown by the report of the United States Consul, Hon. John A. Tibbit, as follows:

IMPORTS DURING THE TWELVE MONTHS CLOSING JUNE 30, 1890, AND JUNE 30, 1891.

	1890.	1891.
Stuffs,	$2,178,524	$ 957,907
Worsted coatings,	1,091,153	518,425
Woolen goods,	55,845	24,380
Carpets and rugs,	62,270	24,386
Silks, seals and plushes,	461,176	62,270
Worsted and mohair yarns,	187,138	41,628
Total,	$4,036,106	$1,628,996

The increase of duties in 1890, which checked imports into the United States, was met by the British manufacturers in their struggle to hold a

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The tariff of 1894.

share of the market by a reduction in wages. It was in the face of such recent results and experience that the free trade party in the United States Congress, through the Gorman-Wilson bill of 1894, reduced the duties on woolen goods to a point much below the act of 1883. This could only have been done for the definite and specific purpose of placing the American woolen market in the hands of British manufacturers. The revival of business, which is now going on in the Bradford district, is solely the result of such legislation. With their cheap labor, efficient machinery and vast facilities for manufacturing, the English manufacturers can supply the entire American market and completely supplant the vast industry which has been built up and maintained by the system of protection. It is apparent, from the evidence of English manufacturers given elsewhere, that they will be benefited by the recent work of the free trade party in the United States and that the people of this country, under their present wage rate, are powerless, even under low import duties, to resist an inundation of the American markets of the goods made by the low paid labor of England.

Not only does the injury fall upon our manufacturers and operatives, but the sheep owner is deprived of a market for his wool, thereby decreasing his income and means to purchase manufactures. Here again is shown the interdependence of all our industries. A blow to one injures all. The loss is felt throughout the land. Transportation suffers. Capital is idle. Labor is unemployed. Not only does the individual suffer, but there is loss of national revenue and national wealth.

But it is not to England alone that we must look for an invasion of our markets. Germany, France and Belgium are successfully contesting neutral markets with English manufacturers. Under the shield of protection their home markets are made secure, while a vast surplus is being poured into England. How shallow and senseless becomes the talk indulged in by the United States free traders of our capturing the markets of the world. When the scheme is unmasked it is found that the United States markets are the ones which will be captured.

To show exactly what we must contend against the following table is given showing the wages in the worsted industry in Massachusetts, England, France and Belgium; the wages in Germany being about the same as Belgium. The table is valuable for the reason that it was prepared by Mr. F. W. Hobbs, of Boston, after months of thorough investigation in all the countries named and because a specific industry was taken, the wages in every case representing the same grade of labor and same grade of work:

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OCCUPATION.	Massachusetts.	England.	Per cent of difference.	France.	Per cent of difference.	Belgium.	Per cent of difference.	
Spinning:								
Overlookers (English System),	$13.50	$7.78	73.5	. . .	. . .	$4.56	198.1	*Comparative wages.*
Yarn Inspectors,	7.50	3.89	92.8	. . .	. . .	. . .	. . .	
Spinners (full time),	6.00	2.43	146.9	. . .	. . .	2.00	200.0	
Spinners (two half timers),	6.00	1.94	209.3	. . .	. . .	. . .	. . .	
Overlookers (mule),	15.00	. . .	. . .	$7.98	88.0	5.70	163.2	
Spinners (mule),	13.50	. . .	. . .	5.13	163.2	4.12	227.7	
Doffers (head),	4.80	2.06	133.0	. . .	. . .	. . .	. . .	
Doffers,	4.20	1.94	116.5	. . .	. . .	1.15	265.2	
Takers-off,	4.50	1.94	132.0	. . .	. . .	. . .	. . .	
Cleaners,	4.80	. . .	. . .	. . .	. . .	. . .	. . .	
Tape fixers,	6.90	1.94	250.5	. . .	. . .	. . .	. . .	
Boy helpers,	4.20	1.22	244.3	2.28	84.2	1.15	265.2	
Wool Sorters:								
Average earnings,	11.00	7.29	50.9	7.98	37.8	5.42	103.0	
Weaving:								
Overlookers,	15.00	8.26	81.6	7.70	94.8	5.70	163.2	
Assistant Overlookers,	9.00	4.36	106.4	4.56	97.1	3.42	163.2	
Weavers,	7.00	3.40	105.9	4.56	53.7	3.15	122.2	
Machine and Repair Shop:								
Carpenters,	13.50	6.80	98.5	5.13	163.2	4.87	177.2	
Machinists,	13.20	7.29	81.1	6.84	93.0	4.87	171.0	
Blacksmiths,	12.00	7.29	64.6	6.84	75.4	4.87	146.4	
Stokers,	9.00	4.37	105.9	4.56	97.4	4.57	96.9	
Engineers,	15.00	7.29	105.8	8.55	75.4	4.87	208.0	
Washing:								
Overlookers,	13.50	8.75	54.2	7.98	69.2	5.70	136.9	
Washers,	7.50	4.62	62.1	3.71	102.2	3.42	119.3	
Carding:								
Overlookers,	16.50	9.72	69.7	7.98	107.6	5.70	189.5	
Grinders and Strippers,	9.00	4.37	106.0	4.85	85.6	4.30	104.4	
Carders,	6.60	3.04	117.1	2.80	135.7	3.14	110.2	
Combing:								
Overlookers,	16.50	9.00	83.3	11.40	44.8	5.70	189.5	
Assistant Overlookers,	9.00	5.58	61.3	5.70	57.9	3.42	163.2	
Backwashers,	6.00	2.92	105.5	3.71	61.7	2.57	133.4	
Gill Box,	5.70	2.67	103.5	2.99	90.7	2.28	150.0	
Ballers,	6.00	2.67	124.7	. . .	. . .	. . .	. . .	
Comb Binders,	7.50	3.40	120.6	3.42	119.3	2.85	163.2	
Finishers,	5.70	2.92	95.2	3.14	87.9	2.28	150.0	
Drawing and Roving:								
Overlookers,	15.00	8.75	71.4	. . .	. . .	. . .	. . .	
Assistant Overlookers,	9.00	4.37	106.0	. . .	. . .	. . .	. . .	
2 Can Gill Box,	6.30	2.79	125.8	. . .	. . .	. . .	. . .	
2 Spindle Gill Box,	6.30	2.79	125.8	. . .	. . .	. . .	. . .	
4 " Draw Box,	6.60	2.67	147.2	. . .	. . .	. . .	. . .	
8 " Weigh Box,	6.30	2.67	135.9	. . .	. . .	. . .	. . .	
8 " First Finisher,	6.30	2.55	147.1	. . .	. . .	. . .	. . .	
8 " Second Finisher,	6.30	2.55	147.1	. . .	. . .	. . .	. . .	
30 " Reducer,	6.30	2.43	159.3	. . .	. . .	. . .	. . .	
30 " Roving,	6.00	2.43	146.9	. . .	. . .	. . .	. . .	
Drawing and Roving (French System):								
Overlookers,	13.50	. . .	. . .	7.60	77.6	5.75	134.8	
Assistant Overlookers,	7.50	. . .	. . .	4.75	57.9	3.42	119.3	
Gill Box,	6.30	. . .	. . .	2.85	121.1	2.28	176.3	
Second Gill Box,	6.30	. . .	. . .	2.85	121.1	2.28	176.3	
Roving,	6.30	. . .	. . .	2.57	145.1	2.20	186.4	
Second Roving,	6.30	. . .	. . .	2.80	125.0	2.28	176.3	

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Adequate duties on wool and woolens show a different result from free wool and inadequate duties on woolens. Here are the two results:

1891–92. UNDER MCKINLEY BILL.	1894–95. UNDER GORMAN BILL.
American sheep increasing in number.	American sheep decreasing in number.
American mills running at full and over time. Work seeking workers.	American mills closed or running part time. Workers seeking work.
English mills running at short time.	English mills running full or over time.

Inability of the United States to compete on account of the high price of labor.

It has been shown in a previous chapter, by the evidence of British woolen manufacturers, that our high wages make it impossible for us to compete with England. Mr. Henry Mitchel, member of the Bradford Chamber of Commerce, testified in a passage already quoted (p. 256),[1] that "labor is much higher in the United States . . . they are never likely to be serious competitors with us." This fact is well understood by the British manufacturers. Mr. Mitchel also showed that the slight reduction in import duties of 15 per cent, in 1883, was the cause of the increased imports from England to the United States from 1883 to 1890. This slight reduction increased imports from $35,000,000 in 1885 to over $54,000,000 in 1890. When duties were raised by the McKinley bill the imports dropped, in two years, down to $35,000,000 again. A reduction of duties of 15 per cent in 1883 gave increased employment to foreign labor, while an advance in duties in 1890, placed over $21,000,000 a year in the pockets of American laborers and manufacturers. Again the Gorman-Wilson bill has reduced the duties below the rate of 1883 and foreign mills are busy and American mills are idle, but this is a source of satisfaction to Mr. Cleveland and his associates. This is the identical result which they intended to bring about. It is idle to discuss the effect of high tariffs or low tariffs on American industries, when there is no dispute between free traders and protectionists upon this point. Mr. Cleveland, Mr. Wilson and all the leaders of the free trade party know as well as the British manufacturers that employers in the United States cannot pay over 100 per cent higher wages to labor and compete with foreign producers. They know that it cannot be done even with free wool. That if American manufacturers buy their wool in Australia or in the London market so far as the raw material is concerned they are simply placed on an equal footing with British manufacturers, and that there is still the difference of over 100 per cent in wages standing in favor of the foreigner. This talk of free wool, of our capturing foreign markets has been a sham from the beginning. The purpose of the whole movement has been to ruin the American industry, sheep and all, and to turn the American markets over to aliens. This is precisely what is being accomplished and is what was expected by every one,

[1] Vol. I.

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excepting those who have allowed themselves to be deceived by the misrepresentations of free traders.

Carpet industry.

American homes are the best carpeted in the world. The first American carpet was made in Philadelphia. In 1810 about 10,000 yards of carpeting were made in the United States. In 1860, 13,285,921 yards were made, valued at $7,857,630, while in 1890 the product had reached over 80,000,000 yards, valued at $50,000,000. The progress from 1850 to 1860 amounted to very little, all the growth of this great industry having taken place under the protective tariffs since that time. Our carpet exports in 1893 amounted to less than $75,000 in value, showing again the value of a home market that practically consumes our entire output. A duty of 7½ per cent was put on carpets in 1790. This was gradually increased till 1824 when a specific rate was levied and continued till 1846, when an ad valorem duty was again imposed. In 1861 a change was made again to specific rates by different grades and qualities. The tariff did not recognize carpet wool as such till 1867. At present we produce only about 7 per cent of our consumption of this wool, which is about 80,000,000 pounds annually. That we could with adequate protection produce the whole of this is clearly shown elsewhere. In twenty-five years the prices of all grades of carpets have been reduced over one-half, and the quality and durability have been constantly improved. And yet our carpet industry paying over $12,000,000 annually in wages and producing fabrics at prices within the reach of all was by the Gorman-Wilson tariff marked as one of the industries to be crippled. Tapestries and velvet grades cannot be made in this country under a low tariff at any rate of wages however low. Ingrains cannot be profitably made without a reduction of wages to the level of English wages, which are less than half the rates paid in this country.

The reader may be interested in the following paragraphs taken from the report of G. W. Roosevelt, United States Consul at Brussels, 1889:

> I may add that carpets were never manufactured at Brussels, but in former years beautiful tapestry used for wall decoration was made here. This industry, however, no longer exists, the disappearance of which is attributed to the English, who adopted the designs and imitated them in carpets which they introduced to the trade as "Brussels tapestry carpets;" hence the origin of the name Brussels carpets.
>
> The so-called Brussels carpets, manufactured in England, are placed upon this market at a much lower rate than the same articles can be produced in Belgium; consequently England supplies this market, and Belgian dealers exporting carpets furnish foreign markets with English goods.

The American Brussels carpets which once sold at $1.50 and $2 per yard retail can now be had for 75 cents per yard and can be found in almost every home in the land. Once our own industry is destroyed and England gains possession of our market the price will again exceed one dollar. It will not be lower. Free trade in carpets means less wages or no wages and a higher price for the article itself.

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The attack under the Gorman-Wilson bill was made upon our woolen industry because imports could be increased by reducing duties. England is now making a large share of our woolens for us, and we are sending our gold to pay for them. She has given up the idea of gaining our iron market, for the present, at least, but it was not difficult to destroy our woolen industry and gain our market in woolen goods.

Clothing industry.

The subject of clothing has given the free trader much apparent concern. He has pictured the poor laboring man as being taxed to death for what he wears on his back. The fact is that the American workman can dress as cheaply and at the same time as well as the English laborer. In 1890 the condition of our men's clothing industry was as follows, compared with 1860:

	1860.	1890.	Per cent increase.
Number of establishments,	4,014	18,658	365
Hands employed,	114,800	243,857	112
Wages paid,	$19,856,426	$111,389,672	462
Material used,	44,149,752	179,425,661	306
Value of product,	$80,830,555	$378,022,815	354

As usual under protection labor gains the most. Nearly, if not quite, $350,000,000 in wages annually is represented in the output of this industry in its various processes. But it must be remembered that the above figures do not represent the whole of our clothing industry. In every city and town there are custom tailors who give employment to thousands of men and women.

Shoddy.

While on the subject of clothing it will be pertinent to touch upon the question of shoddy. What is shoddy? It is primarily the flue or thread shed from cloth while weaving, practically refuse matter, sometimes mixed with the basest of elements and made up into cloth, if we may dignify it by that name. It is purely a free trade fabric. This is no idle assertion, but is proven by the following table of imports:

IMPORTS OF SHODDY.

	Quantity. Pounds.	Value.	Duty per pound.
1890,	4,980,327	$2,052,078	10 cents—old duty.
1891,	1,185,591	429,870	
1892,	262,992	87,825	30 cents—McKinley bill.
1893,	333,376	106,596	
1894,	143,002	47,522	
1895,	14,066,054	1,980,464	15 cents—Gorman-Wilson bill.

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The Republican duty was almost prohibitive, and in those times we had but little use for it. If the material were sold as shoddy there might be some excuse for the use of a limited amount, but it is sent here as woolens, and many buy it when they might be wearing for the same price honest goods made by American workmen.

Effect of reduced duties on the woolen industry.

The whole woolen industry question could be no better explained than in the following extract from the London Financial News of October 8, 1895:

> The great prosperity of the wool trades has, fortunately, more than offset the retrogression in cotton, though that reflection brings small consolation to Lancashire. The total gain for the nine months under yarns and textiles is $16,488,375, and as the value of woolen tissues taken by the United States has been about $4,750,000 and of worsted tissues nearly $15,000,000 greater than in 1894, no further search for the origin of the improvement in the trade returns need be made. The lowering of the American tariff has been our salvation, and it cannot be said that we have shown much reciprocity; for, instead of taking the increased value of our shipments across the Atlantic in kind, we seem to have bought less American produce. It is needless to go beyond our own board of trade returns to find an explanation of a good deal of the monetary trouble in the United States.
>
> Practically every penny that was subscribed here toward the recent American loan has been got back through the extension in the exports of woolens and worsteds; but the United States has not confined her increased purchases to those articles. Last month she bought less raw wool than in September, 1894, but had to pay more for it. She took more cotton pieces, more iron, more alkali and more of sundry articles which need not be specified. In some instances the rapid growth of the preceding months resulted in a slight check in September, but in all these cases the figures of the nine months show a big advance on 1894. On the other hand, we have paid a good deal less for American wheat, flour, bacon, hams, cheese, tallow and cotton, to mention only those articles in which the contraction is most apparent.

This is the result of a partial triumph of free trade. It fulfills the prediction of protectionists and is not disappointing to free traders.

Silk industry.

In 1850 the total product of our silk mills was valued at less than $2,000,000. In 1860 it had increased to $6,607,741, and in 1890 it had reached the value of $87,298,454. Under the additional stimulus of the McKinley bill it probably exceeded $100,000,000 in 1892. In 1890 the capital invested was over $50,000,000 and $20,000,000 were paid in wages. Three million dozens of silk handkerchiefs alone were made. Before 1840 there was practically no silk industry here. It had gained but little by 1860. But in 1861 a duty of 60 per cent on silk manufactures was imposed and the growth of the industry has been rapid till 1893. We not only consume all we make but import nearly half as much more. Americans not only have carpeted floors while foreigners walk on boards, we not only have papered walls and lace curtains, our men and boys not only wear better clothes, but our wives and daughters wear more and better silks than any other women on earth. We now make the best silks worn. In thirty-five years we

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have overtaken and passed in the quality of silk fabrics nations with centuries the start of us. But that is not all. Silks of American make can now be purchased for about one-third the price of twenty-five years ago, and we have compelled the foreigner time and time again to reduce his prices to get into our market. The free trader tells us that protection enhances prices. The American silk manufacturer is one of many who tell the free trader that protection not only reduces the price of the American product, but the price of the foreign product as well. But there is this difference with the fall of prices, American labor remains the same or increases, while the European, to gain our market, must reduce his workman's wages. A glance at our foreign competitors in the silk industry will be interesting. There is England, where wages are one-third those in the United States. There are France and Germany, where wages are still lower. There is Italy where wages are one-fifth. There is Japan where wages are one-tenth, and there are India and China, where wages are one-twentieth. These are our rival silk workers, with generations of experience and with machinery equal to ours. The Japanese have 4000 silk looms of the most improved pattern. And with these must we compete. England, however, has ceased to be a strong competitor, for the French and German manufactures have flooded her markets and almost crushed out her silk industry. With free trade in the United States we should experience the same results.

Effect of tariff legislation on the silk industry.

As has been shown before, the benefits of a protective tariff do not stop with the establishment and maintenance of an industry itself. In all textile industries intricate and delicate machinery plays a most important part. In the decade from 1880 to 1890 our silk output increased from $40,000,000 to nearly $90,000,000. This created a demand for improved machinery. How this was met is shown by Robert P. Porter in Census Bulletin No. 384, as follows:

> The number of spindles employed in silk manufacture has increased from 508,137 in 1880 to 1,254,798 in 1890, an increase of 746,661, or 146.9 per cent.
>
> Even more noteworthy than this great increase in the number of spindles is the rapid disappearance of the old-time cumbersome hand looms, which are being superseded by the power loom, the inventive genius of the age having produced marvelous improvements in both mechanism, speed and artistic effects. At the census of 1880, 3152 hand looms were employed as against 1747 in 1890, a decrease of 1406, or 44.59 per cent. In 1890, 20,822 power looms were employed as against 5321 in 1880, an increase of 15,501, or 291.32 per cent. The total number of all looms employed in 1890 was 22,569, as against 8474 in 1880, an increase of 14,095, or 166.33 per cent.

The menace of free trade in 1893 was reflected in our silk industry in common with all others. Not more than half the machinery was running in 1894 and that upon short time. The Wilson bill made a severe cut, but the duties were largely advanced in the Senate bill which passed. A slight

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reduction, however, is sometimes sufficient to cripple or destroy an industry, and it remains to be seen whether our silk industry can survive and thrive under present duties. In all but two articles the duty is ad valorem. This is serious indeed. There are no goods so difficult to value as silks. Undervaluation and fraud have and will exist in the importations of silk under ad valorem duties to a greater degree than in any other similar importations.

Silk producers attracted to the United States by the high duties.

In one branch of the silk industry the effect of protective and free trade legislation can be seen more clearly perhaps than in any other business. The McKinley bill imposed a duty on velvets, plushes or other pile fabrics containing, exclusive of selvedges, less than 75 per cent in weight of silk, $1.50 per pound and 15 per cent; containing 75 per cent or more in weight of silk, $3.50 per pound and 15 per cent. Let us follow the effect in a single instance. In 1890 there was an establishment in Saltaire, England, employing 4500 hands, a part of whom were making these velvet and plush goods wholly for the American trade. The McKinley bill went into operation October 6, 1890. What was the result? The English mill shut down; not only that, but Sir Titus Salt, finding he could no longer manufacture velvets and plushes in England for Americans, removed his mill, his machinery and his workmen to America; and, by June 1, 1891, the works in Bridgeport, Conn., were running night and day to fill American orders. Instead of importing the goods we imported the industry. And we increased our home market to the extent of the additional purchasing power of those men. No American laborer was thrown out of employment. On the contrary this very new industry gave employment to many American workmen at good wages. Those men who came from England consumed while there say ten cents' worth of American products against ninety cents when they became American workmen. Their wages in England were $6 to $7 per week, here they were $13 to $14 per week. But this is not all. The prices of these very goods were reduced in a single year nearly 40 per cent. This is not an isolated instance. Other industries were imported here by the McKinley bill, in every case increasing our home market for other goods, giving employment to American workmen, reducing the price of the article manufactured and keeping both goods and the price paid for them in this country. Can any fair-minded man say that such a result is not advantageous to all concerned from the individual to the nation itself? And yet, with this very knowledge, the "reformers" of 1894 reduced the duty on the first grade of velvets and plushes mentioned above over 20 per cent and on the second grade from $3.50 per pound and 15 per cent to $1.50 per pound, a reduction of over 60 per cent. Here is what Mr. Richard Pearson, one of the superintendents of the Bridgeport factory, said:

> I used to be a free trader at home. I believed in it; but when I found that Germany was sending velvets into England, and practically shutting us out of the business right at our own hearth-stone, I got tired of free trade. Of course,

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Germany and France have made velvets for centuries, and both countries are well equipped; but to have them sell velvets in London more cheaply than we could make them at Saltaire, disgusted me with free trade. I am confident that we shall be able to make velvets here that will meet with a ready sale. The McKinley bill will permit us to do so. Why, if it were not for that bill, this plant would be still in Saltaire. There would have been no inducement for us to come here, but it has brought us here, and we have come to stay. Of course, if the McKinley bill should be repealed, we might go back. The buildings are still there and our machinery could easily be shipped.

It is hardly probable that they will go back to free trade England, but free trade would send them to France or Germany.

Need of protection for flax.

The best fibre and best and handsomest linen come from Silesia, a province of Russia, where they save both seed and fibre. The largest linen mill in the world is at Jaradova, Russia, where they employ 7000 hands in one mill and make very fine linen. The climate and soil of these countries are identical with those of the Northwestern part of the United States. Within a radius of 400 miles of Minneapolis there was raised in 1890 over 5,000,000 acres of flax, all of which could have been worked into fibre and been worth in cash to farmers over $9,000,000, besides the seed. But to encourage and develop the industry of preparing fibre from the straw of flax, we must protect not only the fibre itself, but give still greater protection than is now enjoyed to the manufacture of linen and kindred industries. To show the necessity for this, the following table of comparative wages in this country and European countries is given:

AVERAGE RATE OF WEEKLY WAGES PAID IN THE FLAX SPINNING TRADE—EUROPE AND AMERICA.

	United States.	Great Britain.	France.	Germany.	Russia, Eastern.	Russia, Western.
Sorters,	$12.00	$4.86	$3.85	$2.88	....	....
Roughers,	12.00	4.86	....	2.30	....	....
Machine workers,	5.00	1.46	1.35	1.46	$ .80	$1.00
Spinners,	7.00	1.82	2.02	1.98	1.10	1.12
Reelers,	7.00	1.34	3.37	1.98	....	....
Roving,	5.00	1.58	2.02	1.70	.64	1.12
Carders,	6.00	2.19	2.20	1.65	....	1.12
Spreaders,	8.00	1.70	2.02	1.55	.60	1.12
Drawing,	5.00	1.95	1.85	1.50	.54	1.12
Doffers,	3.50	1.34	....	1.15	.50	.75

Hemp, jute and ramie.

As with flax so it is with hemp, jute and ramie. India now supplies the United States and all the world with jute. It is cultivated, steeped, cleaned, transported, sorted and baled by labor costing ten cents a day. The average price of baled jute in Calcutta is two and one-half cents a

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WILLIAM D. KELLEY

"THE VITAL DIFFERENCE BETWEEN US IS, THAT YOU THINK MORE OF A CHEAP SHOE THAN YOU DO OF A PROSPEROUS SHOEMAKER; WHILE IN AMERICA WE THINK MORE OF THE WELFARE OF THE ARTISAN THAN OF THE CHEAPNESS OF HIS PRODUCT."

WILLIAM D. KELLEY.

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pound. The soil and climate of the South are as well adapted to jute culture as those of India, but a day's farm labor in the South costs from fifty to seventy-five cents. We certainly can grow jute in the United States, for we have already done so to a limited extent. We need only protection against the low-priced labor of India to enable us to produce all that we consume. Hemp of the very best quality, better, in fact, than that produced anywhere else in the world, has been grown in America. Ramie has been successfully grown in the Southern States and in Southern California.

There is no reason why the United States should not become the greatest fibre producing country on the globe. It would not only add millions of dollars to the income of our farmers, many of whom are raising products at little or no profit, but it would stimulate the manufactures of these same products, giving employment to labor at high wages and still further increasing the purchasing income of millions of laborers, thereby creating a home market for other products of the farm and factory far in excess of that which is now enjoyed.

It would seem as if the high wages here would increase the cost of linen manufactures. The contrary has been the case. In linen threads, in shirts, in collars and cuffs, and, in fact, in every manufacture of linen the price has fallen from one-quarter to one-half in the last thirty years. Flax and hemp were put on the free list by the Gorman-Wilson bill. Jute is on the free list. If our farmers were educated to the importance of fibre production, and the industry were once established by the adoption of an adequate tariff, the cost would be reduced, and we would soon supply not only our own needs but export to other countries.

Iron and steel.

Nowhere can the beneficent effects of a protective tariff be seen so clearly as in connection with the iron and steel industry. Mr. B. F. French, in his "History of the Iron Trade of the United States," says:

> It is an established fact that in many departments of English industry, those who are interested will carry them on at a loss for years, to aid in retaining markets from which they are in danger of being excluded by commercial restrictions or industrial competition; and scarcely a branch of industry has sprung up in the United States which has not, at first, had to encounter a severe struggle in consequence of the foreign article being reduced in price below that with which it had been expected to compete.

In spite of the handicap mentioned by Mr. French, the iron and steel industry of the United States has made remarkable progress, particularly since 1860. In every branch, as soon as an adequate duty was levied, the manufacture began, and increased greatly while imports and prices decreased by an almost constant ratio. There is little to record prior to 1860. Every early attempt to manufacture iron in any form was generally crushed out by England in the manner described by Mr. French. In 1850 the total number of hands employed in the manufacture of pig iron, iron casting

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and wrought iron was 60,285 and the total value of the product $60,486,153. In 1890 the value of product was, $478,687,519.

While specific duties were imposed on twenty-nine articles previous to 1846, in that year duties were changed to a uniform 30 per cent ad valorem rate, which was reduced to 24 per cent in 1857. The immediate effect of the tariffs of 1842 and 1846 can be seen from the following, taken from a volume printed in 1850:

Depression of the iron industry under low duties.

NEW IRON WORKS AND FAILURES IN PENNSYLVANIA FROM 1842 TO 1850 INCLUSIVE.

YEAR.	New works.	Failures.	YEAR.	New works.	Failures.
1843, ...	7	7	1847, ...	25	24
1844, ...	21	11	1848, ...	17	37
1845, ...	40	3	1849, ...	10	41
1846, ...	53	4	1850, ...	7	22

It should be remembered that the tariff of July 30, 1846, did not go into effect till December 1 of that year. The experience of Pennsylvania was that of the whole country. On December 29, 1849, the firm of Cooper & Hewitt wrote a letter to the New York Journal of Commerce which was commended to the attention of Congress then in session. An extract from that letter reads as follows:

> There are one or two positions in the country which combine such extraordinary natural advantages with every superior quality as to make them almost independent of legislation; but as to the great fact that the great majority of establishments, judiciously located, and managed with proper skill and economy, have been compelled to suspend work, throughout the land, for want of remunerative work, there can not be a shadow of doubt. . . .
>
> A few merchant mills are kept in motion, from the absolute necessity of having a certain amount of iron of superior quality for fine work; but of fifteen rail mills only two are in operation, doing partial work, and that only because their inland position secured them against foreign competition for the limited orders of neighboring railroads—and when these are executed not a single rail mill will be at work in the land.

Nothing, however, was done and like the other industries of the country the iron trade had to depend on the ameliorating influences of gold discoveries and a foreign war. But these were at best artificial and temporary, and 1860 found the iron industry, as it did every other industry in the country, struggling for an existence. What the result has been since can best be gathered from table No. 4.

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Growth of iron and steel industry under protection.

TABLE NO. 4.

Table Showing Growth of Iron and Steel Industry in the United States, 1860 to 1890. Compiled from United States Census and Report of the American Iron and Steel Association.

	1860.	1870.	1880.	1890.
Number of establishments, .	1,807	808	1,005	645
Number of hands employed, .	48,975	77,555	140,978	152,535
Wages paid, ...	$17,765,260	$40,514,981	$55,476,785	$84,665,506
Cost of material used, ...	$37,486,056	$135,526,132	$191,271,150	$205,777,843
Value of product, ...	$72,175,332	$207,208,696	$296,557,685	$430,954,348
Production of iron ore, tons, .	908,300	3,031,891	7,120,362	14,518,041
Production of all kinds of coal, tons, ...	14,333,922	29,342,580	63,822,830	140,882,729
Production of pig iron, tons, .	821,223	1,665,179	3,835,191	9,202,703
Production of steel, tons, . .	. . . . .	37,500	1,074,262	3,688,871
Production of steel rails, tons,	. . . . .	30,357	864,353	1,871,425

During this protective period the progress has been extraordinary. In every branch, as soon as adequately protective duties were imposed, mills were built, fires were lit and men employed at the highest wages ever known and with the results shown in the table. The inception and growth of the steel rail industry have already been shown. To single out another particular branch, wire nails were till 1883 under a duty of about one cent per pound. In 1883 a duty of four cents per pound was imposed. The table below will show the result:

OUTPUT OF WIRE NAILS IN THE UNITED STATES FROM THE COMMENCEMENT OF THEIR MANUFACTURE IN 1875 TO 1894.

YEAR.	Number of kegs. 100 pounds.	Price per pound. Cents.	YEAR.	Number of kegs. 100 pounds.	Price per pound. Cents.
1875, ...			1885, ...	200,000	6.09
1876, ...	1,000	10.00	1886, ...	300,000	4.64
1877, ...	2,000	10.00	1887, ...	500,000	3.81
1878, ...	3,000	9.50	1888, ...	1,000,000	3.20
1879, ...	5,000	9.00	1889, ...	2,200,000	2.96
1880, ...	10,000	7.95	1890, ...	3,500,000	2.85
1881, ...	20,000	7.98	1891, ...	4,114,385	2.05
1882, ...	30,000	8.35	1892, ...	4,719,524	. . .
1883, ...	50,000	8.32	1893, ...	5,095,945	. . .
1884, ...	80,000	8.35	1894, ...	5,681,801	. . .
	120,000	7.44			

The price in 1892 in large lots was 1.55 cents per pound, and since 1886 the price has been less than the duty.

It would take volumes to give a detailed statement of all branches of the iron and steel industry. Suffice it to say that in a quarter of a century

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we have overtaken and passed Great Britain. Here the free trader interrupts with the assertion that "iron masters" and "robber barons" of Pennsylvania and other States have made wonderful progress and enormous profits under protection while the poor workmen have been robbed of their share of the booty. Let us see how the poor workman has been robbed. First, what share does he contribute, or rather what share does he reap of the total cost of his production? The labor cost in iron and steel production will be found in the chapter devoted to that subject. An idea of the wages received here and abroad can be gained from the following tables of wages paid in the iron and steel, railroad and mining industries in the United States and Europe, which were prepared and presented to the Ways and Means Committee by W. R. Sterling, First Vice-President of the Illinois Steel Company: [1]

COMPARATIVE WAGES PAID IN CONNELLSVILLE COAL REGION, PENNSYLVANIA, AND IN THE COAL MINES OF LANARKSHIRE, SCOTLAND, SCOTCH RATES BEING REDUCED TO AMERICAN CURRENCY; YEARS 1887–88.

	Connellsville.	Lanarkshire.
Miners, per day,	$1.95 to $2.19	$1.08 to $1.26
Drivers, per day,	1.90 2.20	.60
Blacksmiths,	2.50	.96

COMPARATIVE WAGES PAID IN UNITED STATES AND LANARKSHIRE COAL MINES.

	Wilmington, Ill., 1893 (3-foot vein).	Danville, Ill., 1893 (6-foot vein).	Scotland, 1888.
Miners' (paid by the ton) average earnings, per day,	$2.28	$2.12	$1.09
Engineers, per day,	$2.00 to 2.50	$2.50 to 3.00	.91
Trackmen, timbermen, roadmen, etc., per day,	1.80 2.25	2.00 2.50	$1.03 to 1.09
Drivers, per day,	1.50	2.00	.48 .91

RAILROAD LABOR.

	Chicago.	Scotland.
Locomotive engineers—		
Passenger, per month,	$145.00	$36.00 to $51.00
Freight, per month,	125.00	32.00 48.00
Switchmen, per month,	70.00	22.06 28.34
Section foremen, per month,	$45.00 to 55.00	22.00 26.00
Section hands, per day,	1.10 1.25	.69 .75
Blacksmiths, per hour,	.27½	.10½ .15¼
Boilermakers, per day,	2.75	.81 1.31
Helpers, per day,	1.35	.58
Apprentices, per day,	1.00	.20
Painters, per day,	2.25	1.13 1.31

[1] Tariff Hearing, pp. 312 and 313.

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Mr. J. S. Jeans, Secretary of the British Iron and Steel Institute, in his "Railway Problem," confirms the above figures, for he says that in Belgium, Germany, Switzerland and France the earnings of the different grades of railroad labor vary from about $14 to $38 per month, a great majority being less than $20.

BLAST FURNACE LABOR.

	Chicago.	At a Cumberland seaport (England).	Newcastle (England).	Glasgow (Scotland).
Top fillers,	$2.40	$1.13	$1.71	$1.09
Bottom fillers,	2.10	1.13	1.19	0.97
Cinder loaders,	1.68	0.85	1.00	. . . . .
Blast engineer,	3.25	1.09	1.27	. . . . .
General labor,	1.68	0.77	$0.81 to 0.97	$0.57 to 0.69

CONVERTING MILL.

	Chicago.	Sheffield.
Ladlemen, per day,	$6.88	$2.43
Pitmen, per day,	7.56	1.94
Runners, per day,	4.40	1.46
Iron cupolas, per day,	8.25	2.91
Iron stockers, per day,	4.00	1.46
Locomotive engineer, per day,	3.00	1.94
Common labor, per hour,	.15	.11

RAIL MILL.

	Chicago	Sheffield.
Heaters, per day,	$6.65	$2.91
Helpers, per day,	4.48	1.94
Levermen, per day,	5.58	1.94
Cold straighteners, per day,	5.10	1.94
Helpers, per day,	3.40	1.21
Gagger per day,	1.75	1.21
Drillers, per day,	4.38	1.46
Table engineer, per day,	3.25	2.43

Great advance in wages.

The actual necessary expenses of the European are not so very much less than those of the American. Rent and clothing cost a little more in this country because the American is able and desires to live in better houses and rooms and wear better clothes than the European. When the year is over the American iron worker, though he has lived better, dressed better and had better food, still has from $20 to $100 more than the European. Perhaps this will account for the fact stated in the report of the Commissioner of Labor that out of 2490 families reported for the United States 540 own the houses in which they live, or about 1 in

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every 5; while of the 770 European families reported only 31 own the houses in which they live, or about 1 in 25.

There are of course countless branches of the iron and kindred industries, to a few of which a brief reference only can be made in passing. Take agricultural implements, for instance; the value of product, number of employees and wages paid were as follows:

Year.	Value of Product.	No. of Employees.	Wages Paid.
1860,	$17,597,960	7,100	$ 2,334,172
1890,	81,271,651	42,544	21,811,761

It will be noticed that while the value of product increased nearly five-fold the amount of wages paid increased nine-fold.

Increase of machinery.

Making a similar comparison with machinery the result is as follows:

Year.	Value of Product.	No. of Employees.	Wages Paid.
1860,	$ 52,010,376	41,225	$ 16,182,546
1890,	412,701,872	247,754	148,389,063

Here is a most wonderful instance of the direct and indirect influence of protection. Not only has the result been possible because of the protection afforded to machinery, but the impetus given to the textile manufactures and many other industries has created a demand for machinery such as to increase the product eight-fold and the wages paid nine-fold in thirty years.

The increase in a few other metals and kindred industries is shown as follows:

Articles.	Year.	Value of Product.	Number of Employees.	Wages Paid.
Hardware,	1860	$10,903,106	10,721	$ 3,443,664
"	1890	26,726,463	19,671	10,186,442
Bolts, nuts, washers and rivets,	1860	2,175,535	1,504	426,090
" " "	1890	12,373,031	7,341	3,472,202
Saws,	1860	1,237,063	759	281,392
"	1890	5,572,992	2,943	1,859,694
Scales,	1860	1,292,560	728	280,015
"	1890	2,322,744	1,500	837,575
Springs, etc.,	1860	2,117,377	1,009	408,160
"	1890	4,331,571	1,892	1,174,770
Wire,	1860	2,018,133	789	279,540
"	1890	22,012,804	7,804	4,183,802

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The list might be continued for pages, but all would show the same result—a large increase of product, and in every instance a still larger increase in amount of wages paid.

Other industries.

It would be a most instructive and interesting task to give a brief review of each of our several hundred industries, as has been done in the case of textiles and metals, but too many pages would be required, and the reader's attention can be directed only to a few of the more important. Before leaving the metals, a glance will be taken at our brass industry. In 1833, according to Macgregor, it amounted to $370,764. By 1860 the product had reached $5,423,074, employing 2509 workmen, with wages amounting to $962,688. In 1890 the value of the product was $58,891,938, and $12,993,894 in wages were paid to 45,141 workmen.

Pottery and earthenware.

As early as 1770 it was seen that we could become efficient workers in the ceramic arts. Our country was rich in all the elements required, but England forbade any substantial development, and for lack of adequate protection it was not really established till 1870. Since then the result has been most satisfactory. The growth in thirty years can be seen from the following:

YEAR.	Value of Product.	Number of Employees.	Wages Paid.
1860,	$ 2,463,681	2,908	$ 934,918
1890,	22,057,090	20,296	5,618,401

It was not till 1890 that this industry received the protection needed, under the McKinley and Dingley bills it prospered and we are now making the best earthenware and every grade of pottery that could be made. Even in 1890 there were few, if any, articles that we could not make of equal quality to that made abroad, and coincident with this result has been the same fall of price that has occurred in all American productions as soon as protection has established their manufacture safe from foreign competition. And yet, in this country, the cost of making is fully 125 per cent more, most of which is represented by wages.

The $22,000,000 worth of product represents not only the direct labor cost of manufacture, but wages paid in mining, transportation, fuel and preparation of material. Speaking of the enhanced value given to the material by the application of labor, Mr. William Burgess, of Trenton, N. J., testified before the Ways and Means Committee as follows:

> The material in the ground is worth $25 to $50 a ton. It is worth from $8 to $10 a ton more when it is ready for the potter. When it is made into a plate it brings the value up to $80 per ton. When it goes through the hands of the decorator, it is

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increased 332 per cent. In the finest grade of goods, when manufactured it is worth considerably more than its weight in gold. This shows that the labor which enters into the manufacture of goods adds vastly to its price.

TABLE SHOWING THE DIFFERENCE PAID FOR THE SAME LABOR ON POTTERY IN ENGLAND AND IN AMERICA.[1]

	England.	America.	Per cent of difference.
Engineer or engine driver, per week,	$6.00	$11.00	83 1/3
Laborers, per week,	3.60	7.50	108 1/3
Watchman, per week,	5.04	9.00	78 2/3
Clay mixers, per week,	4.84	10.00	106 2/3
Platemakers, for 12 plates, 7-inch,	.02 3/4	.08	190 10/11
Saucermakers, for 12 saucers, made by women in England and men in America,	.01 2/5	.03 4/5	171 3/7
Cups, per dozen of 12 complete, including making, turning, and handling, made by women and girls in England and men in America,	.03 1/5	.10 1/2	176 6/19
Hollowware pressers, per dozen of 12 cover dishes, 8-inch,	.72	1.11	54 1/8
Giggermen, covered chambers, complete, per dozen,	.36	.65	80 5/9
Kiln hands, per day,	1.12	2.00	78 4/7
Dipper hands, per day,	1.60	2.50	56 1/4
Boys in dipping room will start at, per day,	.06	.33 1/3	455 5/9
An average boy will make,	.16	.66 2/3	316 2/3
Women in biscuit wareroom,	.26	.75	188 6/13
Women in glost wareroom,	.26	.75	188 6/13
Boys in glost wareroom start at,	.06	.33 1/3	455 5/9
Glost warehousemen, per day,	1.00	2.00	100
Printers, average price paid, per day,	1.08	2.50	131 11/27
Fillers in on decorators, girls, per day,	.04	.15	275
Fillers in on decorators, women, per day,	.25	1.16	364
Gilders or gold workers, women, per day,	.80	1.66 2/3	108 1/3
Teamsters, per day,	.86	1.50	74 16/43
Foremen, per day,	1.20	2.50	108 1/3
Managers, per day,	1.60	5.00	212 1/2
Average increase of American labor over English,	....	....	185

PRICE OF PRINCIPAL MATERIALS ENTERING INTO THE COST OF MANUFACTURING EARTHENWARE IN ENGLAND AND AMERICA.

	England.	America.	Per cent of difference.
Ground flint, per ton,	$7.00	$8.50	21 3/7
Cornwall stone in England and feldspar in America, per ton,	6.72	10.40	54 16/21
Ball clay, per ton,	2.40	9.05	277 1/2
China clay, per ton,	6.52	15.00	130 10/23
Coal, per ton,	1.30	2.90	123 1/13
Sagger clay,	.84	3.05	263 1/21
Average increase of American materials over English,	....	....	145

[1] Tariff Hearing, 1893, p. 91.

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It is hardly necessary to add that the standard of living enjoyed by American workers in this industry is far superior to that of the English laborer. Most complete comparisons have been made possible by the fact that the industry in both countries is confined for the most part to one locality.

In this connection it will be recalled how the Democratic committee withheld the report of William Burgess, United States Consul at Tunstall. A reading of this report would go far toward converting any wavering free trader to protection. It was as fair a consular report as was ever sent to Washington, but it told the truth about the condition of pottery laborers in the Staffordshire district of England, and in Trenton, N. J., and the contrast was too favorable to the American worker to be published. It has since been published by the protection press and forms a most instructive addition to the literature of the tariff question.

Glassware.

The history of our glassware industry is much the same as that of pottery. It never had adequate protection till 1890 when we at once began the making of the finest qualities of wares to be found in the world, and at as reasonable prices as the articles imported. In 1831 the condition of the industry, as reported by the committee of the New York Convention, was as follows:

Flint glass,	$1,300,000
Crown window glass,	150,000
Cylinder window glass,	851,000
Glass bottles, etc.,	200,000
Total production,	$1,501,000
Employing 1800 men with wages amounting to	$600,000

But from 1831 to 1860 our industries had a hard struggle. The result in 1860 and 1890 is herewith shown:

Year.	Value of Products.	No. of Hands Employed.	Wages Paid.
1860,	$ 8,755,155	9,016	$ 2,903,832
1890,	41,051,004	45,987	22,118,522

Most of the glass imported comes from Belgium and other parts of the Continent of Europe. Wages in Pittsburg and other American cities average among glass workers $18 per week, while in Belgium for the same work only $5 is paid, and in Bohemia and other places still less.

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The wages paid in the United States, compared with Belgium average per month as follows :[1]

WAGES PAID IN WINDOW GLASS INDUSTRY.

	United States— 26 days' work.	Belgium— 30 days' work.
Blowers for single and double thick,	[2]$135	[3]$55
Gatherers, single and double,	80	30
Flatteners, single and double,	135	25
Cutters, single and double,	100	25
Packers, single and double,	40	18
Batchmakers, single and double,	45	16
Team drivers, single and double,	29	15
Blacksmith, single and double,	60	20
Clay treaders, single and double,	32	15
Laborers, single and double,	32	15
Roller carriers,	36	[4]6

It was not till 1868 that plate glass was manufactured in the United States and it was almost twenty years before we had established the industry on a profitable basis. Had it not been for protection we would still be paying from $2 to $2.50 per square foot instead of the present price of forty-five cents to sixty cents according to the size. There are now twelve plants in this country with a capacity of 1,785,000 square feet per month, which have given annually employment to 6000 people with $3,500,000 in wages, and the price now is about one-fourth of what it was before protection established the industry in this country. But both output and wages have been reduced since the passage of the Gorman-Wilson bill, and all connected with the industry have suffered.

Soda ash. An important element in the production of glassware is soda ash. Till 1884 none was made in this country, and yet we were using 175,000 tons a year and paying $48 per ton for it. In 1883 a duty of $5 per ton was levied. In 1890 thirty-two establishments were engaged in manufacturing sodas and the output amounted to 333,124,375 pounds valued at $5,432,400, and the price was only half that paid to foreigners in 1868. Nor is that all, hundreds of thousands of tons of coal and limestone and coke and salt have been used, and American labor and wages have reaped the benefit.

And so it has been with other chemicals. In 1831 the total value of all chemical products was but $1,000,000. In 1860 it was only $5,000,000, yet in 1890 it amounted to $59,352,548, and if all allied products were to be included the grand total would be $177,811,833.

[1] Tariff Hearing, 1893, p. 186. [2] Average per month, 180 boxes. [3] Product, 220 boxes. [4] Girls employed.

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Comparative wages of glass workers.

On the subject of comparative wages in the glass industry, Mr. E. Ford, President of the Pittsburg Plate Glass Company, of Pittsburg, Pa., gave the following statement :[1]

COMPARATIVE STATEMENT SHOWING RATE OF WAGES PAID PER MONTH IN BELGIAN, ENGLISH AND AMERICAN PLATE GLASS WORKS FOR SIMILAR SERVICE.

OCCUPATION.	Belgian.	English.	American.	American higher than Belgian.	American higher than English.
				Per cent.	*Per cent.*
Potmakers,	$27.00	$30.00	$100.00	270	233
Clay temperers,[2]	14.82	8.00	32.50	119	306
Furnace brickmakers,	14.82	22.00	39.00	163	77
Mixers,	25.60	24.00	39.00	52	62
Founders or melters,[3]	30.00	44.00	100.00	233	127
Gas-producer men,	26.50	34.00	52.00	96	53
Head teamers,	34.00	48.00	100.00	194	108
Teamers,[4]	28.00	44.00	65.00	132	47
Casters,[4]	25.68	33.00	47.00	83	42
Kiln heaters,	18.60	30.00	58.50	214	95
Kiln dressers,	20.00	32.50	75.00	275	134
Foreman grinders,	50.00	65.00	100.00	100	53
Grinders—					
First layers,	30.00	32.50	80.00	166	130
Second layers,	21.30	30.00	62.00	191	106
Third layers,	. . .	29.00	52.00	. . .	78
Fourth layers,	. . .	26.00	44.00	. . .	69
Mixers,	18.30	24.00	44.00	140	83
Finishers,	22.25	26.00	80.00	259	207
Sand wheelers,	14.82	22.00	52.00	250	136
Mud wheelers,	14.82	26.00	39.00	163	50
Smoothers, rubbers,	9.88	11.50	39.00	293	239
Examiners,	21.22	30.00	65.00	206	116
Emery washers,	19.76	35.00	80.00	304	128
Foreman polishers,	34.00	65.00	100.00	194	53
Polishers—					
Finishers,	28.00	35.00	80.00	184	128
Layers,	21.30	31.00	90 00	322	190
Mixers,	18.30	26.00	65.00	249	150
Rouge burners,	13.00	33.00	80.00	515	142
Cutters,	25.00	26.00	60.00	140	130
Packers,	27.00	24.00	35.00	29	45
Master mechanics,	50.00	76.00	100.00	100	31
Machinists,	22.10	33.00	65.00	194	97
Blacksmiths,	23.40	29.50	52.00	122	76
Carpenters,	32.00	29.50	60.00	87	103
Bricklayers,	20.80	29.50	89.00	328	201
Laborers,	15.00	20.00	30.00	100	50

Says Pitkin in his statistics (1834): "The business of making shoes, boots, saddlery, harness and trunks is carried on in almost every village and town throughout the United States."

The value of the boot and shoe product was then estimated at $16,000,000. The total value of leather was about $6,000,000. And in 1840

[1] Tariff Hearing, 1893, p. 235. [2] English employ female labor. [3] European average, 2600 feet per day; American, 2000 feet. [4] English, 48 pots; American, 20 pots per day.

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Miscellaneous industries.

the value of all manufactures from leather was $33,134,403. In 1860 the leather product was valued at $75,698,747 and all manufactures at about $100,000,000. In 1890 the leather product exceeded $175,000,000, and total manufactures from leather were valued at $350,000,000, of which $270,000,000 was in boots and shoes.

A comparison of forest products, lumber, saw mills, etc., is difficult to make because of the different methods employed in census enumeration. Previous to 1860 no reliable statistics were obtained though it is probable that there were as many or even more lumber and saw mills fifty years ago than now. By 1860 the product amounted to $100,000,000, while in 1890 it amounted to $500,000,000. The wages in 1860 were $21,000,000 and in 1890 $231,000,000.

The product of grist mills in 1860 was valued at $248,580,365 and in 1890 at $513,971,474; the wages in 1860 being $8,721,391 and in 1890 $27,035,742.

In 1840 the value of carriages made was $10,897,887, in 1860 $26,858,905, and in 1890 $114,551,907.

The making of cars for steam and street railways amounted to but little in 1860, the value being $4,302,613, while in 1890 it had grown to $205,000,000.

Of furniture $7,555,405 worth was made in 1840, $25,632,293 worth in 1860 and $135,500,000 in 1890.

Cutlery is an American industry due almost entirely to protection. In 1869 it amounted to but a little over $1,000,000, while in 1890 it had increased to $11,000,000 and over. A few years ago Sheffield was marked on all the best cutlery used in this country. To-day no better or cheaper cutlery is made in the world than in the United States. A great impetus was given to the manufacture, particularly of the best grades, by the McKinley bill.

In 1860 the value of watches and clocks made amounted to only about $2,500,000. In 1890 the value was nearly $30,000,000.

The value of jewelry increased from $10,000,000 in 1860 to $35,000,000 in 1890.

The value of tobacco manufacture has been as follows: 1810, $1,260,378; 1840, $5,819,568; 1860, $30,000,000; 1890, $211,000,000.

The value of umbrellas and canes has grown from $3,000,000 in 1860 to $14,000,000 in 1890.

And so on through the list of our manufactures. In almost every instance it is found that our principal industries were started or received a great impetus during the operation of the protective tariffs of 1824 and 1828. After 1833 they declined or were ruined altogether. They gained a breath of life from 1842 to 1846 and then declined, or at least stood still till 1860. The above is true when taken per capita. We were increasing in population and the demand was greater every year consequently our

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industries made some progress, but as has been shown elsewhere no larger per cent of our population was employed in 1860 than in 1850. This is easily understood when a glance is taken at the manufactured goods imported from 1846 to 1860. But it is since the war, under twenty-five years of protection, that the great progress has been made.

"Non-protected" industries.

There are several great industries of the United States that are sometimes called non-protected industries, such as certain lumber interests, carpentering, blacksmithing, mason work, plumbing, etc. The growth of these occupations has been marvelous and whether classed as protected or non-protected it can all be traced to the beneficence of a protective tariff. If the American people had not for a generation enjoyed the spendable incomes made possible by American wages, they could not have built the millions of houses and barns, the churches and school houses, the theatres and halls, and all the varied buildings that fill our cities and towns. The building of edifices makes the demand for timber, for brick and stone, and gives employment to the carpenter, the mason, the bricklayer, the plumber, the painter and hosts of others. The American carpenter may not come in direct competition with the foreign carpenter, but without the prosperity brought about by protection his work would not be required. The man who wants his horse shod must go to the American blacksmith, but without protection he might not have the horse to be shod. And so when the wily free trader tells us that the workman in "non-protected" industries gets higher wages than the laborer in protected industries, we have but to reply that many of those employed in the former would have no work or wages at all but for protection.

The following will show at a glance what protection had done for some "non-protected" workers:

	Value of product.	Hands employed.	Wages paid.
Blacksmithing, 1860,	$11,641,243	15,720	$4,827,303
" 1890,	54,304,638	50,867	26,796,927
Carpentering, 1860,	12,646,392	8,898	3,868,672
" 1890,	281,195,162	140,021	94,524,197
Plumbing, etc., 1860,	2,113,701	1,345	523,050
" 1890,	80,905,925	42,513	28,762,611
Painting and paper hanging, 1860,	915,339	913	379,088
" 1890,	74,067,998	56,281	37,722,550

This list might be continued; such trades as millinery, dressmaking, all kinds of repairing, etc., could be included, but for want of space only one more will be given. Few will deny that prosperity is conducive to a high degree of intelligence and with widespread and general intelligence comes a demand for books, papers and periodical literature. In 1840 there were in the United States, daily papers, 138; weekly, 1141; semi-

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and tri-weekly, 125; periodicals, 227; employing about 11,523 men and with an annual value of about $5,000,000. In 1860 the printing and publishing business amounted to only $31,063,898, while in 1894 the result was as follows: Dailies, 1868; weeklies, 14,710; semi- and tri-weeklies, 253; monthlies, 2214; semi- and bi-monthlies, 462; quarterlies and miscellaneous periodicals, 156, and the total value of the printing and publishing business in 1890 was $275,452,515, employing 165,227 people with $105,083,075 in wages. For this industry and other purposes the value of paper used was as follows: 1840, $5,641,495; 1860, $21,216,802; 1890, $74,067,998.

Progress under the McKinley act.

Could the amounts of all industries be carried to 1892 a still more wonderful growth could be seen, for great as was the progress during the years from 1860 to 1890, it was still greater in 1891 and 1892. Not only did established industries advance with wonderful rapidity, but numerous new industries were established, giving employment to thousands at higher wages than ever before. Reference has already been made to tin plate, to plushes and velvets, and laces, to which could be added many others, such as brass bedsteads, pearl buttons, twine making, sugar beets, curtains, certain knit and worsted and silk goods, finer grades of cutlery, pottery and glassware, fine cotton spinning chenilles, and many others. In fact, there was hardly an industry that did not attain a higher degree of perfection under the McKinley bill. Take pearl buttons for example. In 1889 there were less than a dozen factories in this country altogether employing about 200 persons part of the year, with wages averaging ten dollars per week. In 1892 there were eighty factories employing over 4000 persons, at wages averaging over eighteen dollars per week, and working full time. Over two million dollars' capital was at once invested and the production amounted to $7,000,000 in value in a single year. That was the benefit given to capital and labor. The following figures taken from the books of a manufacturer will show what benefit the consumer derived:

	Prior to McKinley Bill. Per gross.	Since McKinley Bill. Per gross.
Sixty line buttons,	$20.00	$10.50
Fifty-five line,	15.00	8.50
Fifty line,	12.00	7.00
Forty-five line,	8.00	6.00
Forty line,	6.00	5.00
Thirty-six line,	4.50	3.75
Thirty line,	2.75	3.75
Twenty-eight line,	2.50	2.50
Twenty-four line,	1.40	1.75

The second and third qualities of buttons are about in the same proportion. The large buttons which are in great demand for girls' and women's cloaks, have fallen 60 per cent. The reason for this is that the cost of shells plays a prominent part in the manufacture of large buttons, being two-thirds of the entire cost of production, but in the case of small buttons the entire cost of manufacture is eight-tenths of the cost of

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the production. The large increase of wages makes the small buttons a little higher, but this difficulty will soon be overcome, as the manufacturers are now selling direct to retailers without the intervention of middle-men.

The pearl button industry is but one of many. It would probably be impossible to cite a single trade or industry that has been injured by protection. On the contrary, there is not an industry in this country that either does not owe its establishment and existence to a protective tariff, or has not been built up and maintained through its direct or indirect influence. Till 1880 our industries have never had a decade of uninterrupted progress. At first we had war and a glut of cheap foreign importations. The tariffs of 1824 and 1828 had hardly begun to have their influence before the nullifiers forced the act of 1833. We have seen that as soon as the reductions under this act began to make themselves felt, the commercial crises of 1837 and 1839 took place, and a period of financial depression ensued. Then came the tariffs of 1846 and 1857. The war of the rebellion followed, and from 1870 to 1880 came the financial panic of 1873, and the depression caused by a return to a gold basis. From 1880 to 1890, however, was a decade of general growth, and a glance at the table on page 107 will show what protection did for our industries during those ten years. If the statistics could be carried to the end of 1892 the result would be even more astonishing. But for reasons shown in the following pages our industrial growth reached its highest point at that time and such advance cannot again be chronicled till we return to a complete system of thoroughly adequate protective duties.

In concluding the brief review of the growth of industries from 1860 to 1890, the attention of the reader is called to Table No. 5, on the following pages compiled from the Census Reports of the United States, for information as to other industries, as well as to those previously mentioned. It shows the number of establishments, hands employed, wages paid, cost of material and value of product, together with the percentage of increase in wages paid and the percentage of increase in value of product. It is a most important fact that in nearly every case the amount paid in wages has increased more than the value of product.

Prices.

Under the progressive development of our industries the prices of all manufactured articles have been reduced to the consumer, as capital has increased, machinery and artisans have become more efficient, and our manufacturers are able to avail themselves of the advantages of large production, good markets and quick sales.

The competition among our own producers has secured prices based on fair profits to the employer and good wages to the employed. That this is in great part due to the policy of protection is proven by many facts. This proposition is not answered by saying that prices have declined throughout the entire world, because protection has been the

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TABLE

Table Showing Growth of Manufactures
Compiled from Census

Marginal Number.	INDUSTRIES.	Number of Establishments.		Number of Hands Employed.		Wages
		1860.	1890.	1860.	1890.	1860.
1	Agricultural implements,	1,982	910	14,810	42,544	$5,080,549
2	Ammunition,	5	35	119	2,267	40,308
3	Baskets,	87	403	437	3,732	120,462
4	Billiard tables, etc.,	25	57	302	1,157	140,556
5	Bookbinding and blank books,	269	805	4,777	13,815	1,048,930
6	Boots and shoes,	12,486	23,693	125,026	193,539	30,938,080
7	Boxes, paper and wood,	505	1,515	3,554	39,413	1,075,843
8	Brass, etc.,	207	596	2,589	23,041	962,688
9	Brooms, brushes, etc.,	366	1,235	3,589	10,984	888,160
10	Carpentering,	1,323	16,917	9,066	140,021	3,868,672
11	Carpets,	216	1,013	6,683	31,213	1,546,328
12	Carriages, etc.,	3,961	9,240	27,854	87,317	10,145 087
13	Cars, etc.,	78	882	3,702	144,514	1,447,632
14	Chemicals,	84	563	1,529	16,952	506,364
15	Cigars,	1,478	10,956	7,997	98,156	2,531,354
16	Clocks, watches and materials,	122	4,625	1,865	23,339	769,884
17	Clothing, men's,	4,014	18,658	114,800	243,857	19,856,426
18	Clothing, women's, factory product,	188	1,224	5,739	42,008	1,193,032
19	Coffins, etc.,	215	1,562	722	9,658	305,112
20	Coke,	21	218	198	9,159	61,368
21	Confectionery,	541	2,921	2,340	27,211	688,423
22	Cooperage,	2,707	2,652	13,750	24,652	4,284,704
23	Cordage and twine,	190	150	3,478	12,798	966,216
24	Cotton goods,	803	905	114,955	221,585	22,485.562
25	Cutlery and edge tools,	217	474	4,207	9,487	1,559.855
26	Engraving materials, etc.,	195	817	741	5,642	336,908
27	Fertilizers,	47	390	308	10,158	95,016
28	Flour and meal,	13,868	18,470	27,682	63,481	8,721,391
29	Furniture,	3,594	5,973	27,106	92,504	8,909,998
30	Glass,	112	294	9,016	45,987	2,903,832
31	Gloves and mittens,	126	324	1,429	8,669	330,419
32	Gunpowder,	58	37	747	1,730	291,144
33	Hardware,	443	452	10,721	22,850	3,443,664
34	Hats and caps,	655	705	11,764	27,193	3,815,824
35	Hosiery,	197	795	9,103	61,209	1,661.972
36	Iron and steel,	2,269	1,708	68,997	212,229	23,561,850
37	Jewelry,	463	859	5,947	16,799	2,605,056
38	Leather,	5,234	1,926	26,600	48,101	8,310,460
39	Lumber, sawed and planed,	20,165	24,681	75,605	373,085	21,970,245
40	Marble and stone work,	1,806	3,373	15,379	35,989	5,672,211
41	Millinery goods,	35	6,277	1,034	35,803	202 508
42	Musical instruments,	223	704	4,461	19.428	2,378,520
43	Paints,	45	382	563	8 737	213,864
44	Paper,	555	567	10,911	29.568	2,767,212
45	Printing and publishing,	1,666	16,566	20,159	165,227	7,588,096
46	Saddlery and harness,	3,621	7,931	12,285	30,326	4,150,365

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No. 5.

in the United States, from 1860 to 1890.
of the United States.

Paid.	Increase Per Cent Wages Paid.	Cost of Material Used.		Value of Product.		Increase Per Cent Value of Product.	Marginal Number.
1890.		1860.	1890.	1860.	1890.		
$21,811,761	329	$5,636,169	$31,603,265	$17,597,960	$81,271,651	362	1
1,110,482	2,655	75,010	2,750,782	160,900	6,538,959	3,964	2
1,269,135	954	62,205	1,398,483	255,137	3,633,592	1,324	3
870,480	519	343,868	1,295,942	739,900	2,823,278	282	4
6,903,951	558	1,554,082	6,007,417	3,729,080	17,067,780	358	5
91,086,224	194	42,728,174	158,452,755	91,889,298	298,847,245	224	6
15,481,408	1,337	1,799,448	25,705,764	3,957,744	51,410,458	1,199	7
12,993,894	1,250	3,104,392	26,597,645	5,483,074	48,890,938	792	8
4,317,026	386	1,872,710	6,900,553	3,542,077	14,156,383	300	9
94,524,197	2,343	5,164,975	137,847,002	12,646,392	281,195,162	2,124	10
12,438,631	704	4,419,561	29,582,138	7,860,351	49,996,469	536	11
46,737,904	367	9,210,296	59,177,984	27,265,845	134,908,455	395	12
81,243,373	5,512	3,084,544	114,089,087	6,298,963	205,813,297	3,167	13
9,691,843	1,814	2,707,152	33,694,927	4,705,741	59,352,548	1,161	14
44,767,980	1,669	3,511,312	50,298,960	9,068,778	129,693,275	1,330	15
13,549,830	1,660	1,199,856	10,016,535	2,773,350	30,390,228	996	16
111,389,672	461	44,149,752	179,425,661	80,830,555	378,022,815	368	17
18,812,787	1,477	3,323,335	34,277,219	7,181,039	68,164,019	849	18
5,554,409	1,720	323,823	9,203,932	1,052,123	20,013,694	1,802	19
4,186,264	6,722	73,552	11,509,737	189,844	16,498,345	8,590	20
11,633,448	1,590	2,990,186	31,116,629	5,361,100	55,997,101	945	21
11,635,366	172	4,105,203	20,636,911	11,343,221	38,617,956	240	22
4,536,871	370	5,665,320	24,051,666	7,843,339	33,312,550	325	23
69,489,272	209	52,666,701	154,912,979	107,337,783	267,981,724	150	24
4,918,152	215	1,703,663	3,465,124	4,610,217	11,110,614	141	25
3,404,361	910	162,521	1,396,912	844,840	7,294,143	763	26
4,671,831	4,806	590,816	25,113,874	891,344	39,180,844	4,296	27
27,035,742	210	208,497,309	434,152,290	248,580,365	513,971,474	107	28
48,792,752	448	8,181,250	55,125,830	25,632,293	135,627,332	429	29
22,118,522	662	2,914,303	12,140,985	8,775,155	41,951,004	378	30
3,109,008	811	537,589	5,021,144	1,176,795	10,103,821	758	31
1,002,694	244	1,812,290	3,279,004	3,223,090	6,752,343	109	32
11,458,781	233	4,402,958	11,811,291	10,903,106	30,844,658	183	33
14,111,747	270	8,252,380	16,160,802	16,937,782	37,311,599	120	34
18,263,272	999	3,202,317	35,861,585	7,280,606	67,241,013	824	35
116,428,651	394	51,076,922	374,999,681	98,330,584	562,338,069	472	36
10,857,967	317	5,102,500	16,593,660	10,415,811	36,215,511	248	37
25,450,003	206	50,727,930	125,935,468	77,180,497	177,714,520	130	38
136,754,513	522	51,358,400	386,482,452	104,928,342	587,349,127	460	39
25,363,521	347	5,345,526	28,868,904	16,244,044	62,595,762	285	40
14,397,568	7,010	739,965	27,345,118	1,483,154	55,030,149	3,610	41
13,306,383	460	2,144,298	14,435,563	6,548,432	36,868,169	463	42
5,605,626	2,521	1,567,238	24,930,532	2,574,955	40,438,171	1,470	43
13,746,584	397	11,602,266	42,223,314	21,216,802	74,309,388	250	44
105,083,075	1,285	12,844,288	68,858,915	31,063,898	275,452,515	787	45
16,030,845	286	6,606,415	24,674,225	14,169,037	52,970,801	274	46

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TABLE

Table Showing Growth of Manufactures

Compiled from Census

Marginal Number.	INDUSTRIES.	Number of Establishments.		Number of Hands Employed.		Wages
		1860.	1890.	1860.	1890.	1860.
47	Salt,	399	200	2,213	4,455	$371,954
48	Saws,	42	95	759	2,943	281,392
49	Sewing machines,	74	59	2,287	9,121	1,090,956
50	Silk,	137	472	5,320	50,913	1,035,308
51	Soap and candles,	614	578	3,247	9,305	1,066,390
52	Steam heaters and heating apparatus,	9	217	234	11,779	75,540
53	Sugar, refining,	39	393	3,484	7,529	1,358,328
54	Tin, copper, and sheet iron ware,	3,488	7,002	11,220	38,442	4,056,480
55	Tobacco, chewing, smoking, snuff, etc.,	626	687	18,859	37,771	3,571,294
56	Trunks, carpet bags and valises,	151	395	2,092	6,785	692,752
57	Umbrellas and parasols,	66	435	1,951	6,863	433,980
58	Upholstery,	199	152	1,427	3,479	425,452
59	Wire,	25	24	789	7,804	279,540
60	Wire work, etc.,	67	569	540	7,917	146,904
61	Wooden ware, etc.,	245	1,043	2,064	11,626	648,816
62	Woolen goods,	1,260	1,311	41,360	79,351	9,808,254
63	Worsted goods,	3	143	2,378	43,593	543,684
64	Zinc,	7	8	293	1,082	103,416
65	Total classified industries,	94,918	209,226	915,163	3,127,892	$248,435,590
66	Total unclassified industries,	45,515	146,189	396,083	1,584,730	130,443,376
67	Grand total industries,	140,433	355,415	1,311,246	4,712,622	$378,878,966

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No. 5 (*Continued*).

in the United States, from 1860 to 1890.

of the United States.

Paid.	Increase Per Cent Wages Paid.	Cost of Material Used.		Value of Product.		Increase Per Cent Value of Product.	Marginal Number.
1890.		1860.	1890.	1860.	1890.		
$1,782,491	379	$1,054,780	$1,826,770	$2,289,504	$5,484,618	140	47
1,859,694	561	583,123	2,346,401	1,237,063	5,572,992	351	48
5,170,555	374	647,963	3,502,173	4,247,820	12,823,147	202	49
19,680,318	1,800	3,906,290	51,004,425	6,589,171	87,298,454	1,225	50
4,951,648	364	12,562,179	28,687,412	18,464,574	43,600,285	136	51
7,594,395	9,953	189,876	10,628,314	516,650	23,147,434	4,380	52
2,815,275	107	34,103,767	107,758,811	42,143,234	123,118,259	192	53
21,036,375	419	7,699,047	31,227,522	16,718,388	66,653,746	299	54
10,024,017	181	13,024,988	42,005,357	21,820,535	82,053,348	276	55
3,513,749	407	1,380 444	4,703,982	2,836,969	10,821,621	281	56
3,204,797	638	2,015,623	7,562,921	2,948,302	13,771,927	367	57
1,454,062	237	1,705,634	3,013,253	2,920,188	5,733,039	96	58
4,183,802	1,396	1,133,805	15,038,540	2,018,133	22,012,804	991	59
3,983,209	2,611	284,160	8,325.435	595,528	15,552,857	2,511	60
5,506,257	749	885,046	5,496,697	2,234,996	14,680,724	557	61
28,478,931	190	36,586,887	82,270,335	62,005,217	133,577,977	115	62
15,880,183	2,821	2,442,775	50,706,769	3,701,378	79,194,652	2,040	63
653,096	532	238,227	2,005,682	549,460	2,976,730	442	64
$1,479,720,660	496	$759,589,384	$3,357,541,445	$1,325,961,853	$5,905,343,563	345	65
803,495,869	516	272,015,708	1,804,502,631	559,899,823	3,467,093,720	519	66
$2,283,216,529	503	$1,031,605,092	$5,162,044,076	$1,885,861,676	$9,372,437,283	397	67

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policy of all great manufacturing nations, with the exception of Great Britain. The development of manufacturing on the Continent of Europe through protective tariffs, and in the United States since 1860, has broken the monopoly of prices and markets which the British manufacturers held.

In every instance, either on the Continent of Europe or in the United States, where an industry has been established under the influence of protection, the British manufacturers have reduced prices to meet the new conditions and retain a share of the market. No one can believe that if the English manufacturers alone could supply the world with a particular article the people would not be compelled to pay such prices as the producers saw fit to demand.

The following table of the retail prices of fifty-six articles of common use was published by the American Economist[1] in October, 1891, after a most careful and thorough investigation of the books of various concerns doing business in the years stated:

ARTICLES.	1857.	October, 1889.	October, 1890.	September, 1891.
Axe,	$1.49	$0.95	$0.92	$0.88
Binding twine, pound,	.....	.14½	.14½	.11
Blankets, pair,	6.83½	4.23	4.09½	3.70
Blue shirting, yard,	.17¾	.11¼	.11	.09½
Boots,	4.76	3.27	3.07	2.78¾
Calico, yard,	.14½	.07⅛	.06¾	.06
Carpets, yard,	1.30¾	.77¾	.72¼	.66½
Cotton gloves,	.34¾	.24¾	.22⅜	.19½
Cotton hosiery,	.47	.25¾	.25¼	.20½
Cotton knit goods,	.98	.52¼	.46¼	.41¼
Cotton thread, spool,	.09⅕	.05	.04¾	.04½
Crowbar, pound,	.11½	.07½	.06¾	.06¼
Drawing chains, pair,	1.28½	.71¼	.65½	.58½
File,	.42	.27¼	.24	.20¼
Fork, three-tined,	.99¼	.56¾	.52¼	.46¼
Flannel, yard,	.70	.39¾	.37¾	.34¾
Fruit cans, per dozen,	3.00	.72	.65	.54½
Gingham, yard,	.22⅜	.10¾	.10¼	.08¾
Hand saw,	2.43½	1.62¼	1.53	1.39
Hoe,	.85	.48¼	.43	.37½
Hemp rope, pound,	.21	.14	.14¾	.11½
Linen, yard,	.83	.48½	.47	.42½
Mowing machine,	121.15	56.98	52.60	47.10
Nails, wire, pound,	.....	.05	.04½	.03¾
Oil cloth, yard,	.84	.38	.35¼	.31
Overalls,	1.20¼	.83¾	.79¼	.70½
Pearl buttons, dozen,	.22¼	.11¼	.11¾	.13¾
Pins, paper,	.11½	.06¾	.06½	.05¾
Plow,	20.12½	14.37½	13.93¼	12.90
Rake, horse,	41.25	22.56¾	21.24½	19.40¼
Rake, hand,	.61½	.34	.30	.26¼

[1] The Defender, No. 51.

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ARTICLES.	1857.	October, 1889.	October, 1890.	September, 1891.
Reaper and binder,	$247.85	$142.36	$129.85	$115.96
Rubber boots,	4.83⅓	3.10¾	3.00	2.73¾
Salt, barrel,	2.30	1.75	1.65	1.38
Shoes,	5.00	. . . . .	. . . . .	. . . . .
Sheeting, yard,	.12¾	.08	.07¾	.06¾
Shovel,	1.47	.97¾	.93¾	.80¼
Spade,	1.44⅓	.96¾	.95¾	.84
Starch, pound,	.13½	.09¾	.09¾	.09½
Straw hat, good,	1.75	1.28	1.25	1.10
Straw hat, common,	.44	.31	.28	.23¼
Sugar, pound, granulated,	.19¼	.09¾	.09½	.05½
Sugar, pound, brown,	.16¼	.08½	.08	.04½
Sugar bowl,	.61	.38½	.74½	.32¼
Scythe,	1.22	.85½	.74½	.68¾
Tin dipper,	.25	.12¼	.11⅓	.10¼
Tin milk pail,	.75½	.46¾	.43¼	.39¾
Tin milk pan,	.37¼	.18½	.17½	.15½
Ticking, yard,	.35½	.20	.18¾	.17
Wagon,	130.00	95.00	90 00	75.00
Washboard,	.41	.24½	.24	.22¾
Washtub,	1.20	.70½	.65	.65
Wheelbarrow,	2.23	1.65	1.60	1.40
Wooden pails,	.45	.24½	.22	.20½
Woolen clothing,	24.00	16.75	14.50	14.25

Decline in prices.

Below is given comparative wholesale prices of various articles in the years named, compiled from the Statistical Abstract of the United States, the American Almanac and other equally reliable sources:

ARTICLES.	Year.	Price.	Year.	Price.
Leather, pound,	1857	$29.00	1890	$16.00
Standard drilling, yard,	1857	.09	1890	.06
Shirting, yard,	1857	.15	1890	.10
Muslin, yard,	1854	.15	1890	.08
Sixty-four and sixty-four prints, yard,	1857	.06	1890	.03
Anthracite coal, ton,	1855	4.49	1890	3.90
Bituminous coal, ton,	1857	4.29	1890	2.60
Illuminating oil, gallon,	1870	.31	1890	.07
Rules, two feet,	1854	2.60	1890	.47
Hand saws, dozen,	1854	16.00	1890	12.15
Flat files, dozen,	1857	2.50	1890	1.27
Auger bits, dozen,	1857	2.29	1890	.09
One-horse steel plow (wood beam),	1873	6.50	1889	2.75
Two-horse steel plow (wood beam,	1873	20.00	1889	12.00
One-horse iron plow (wood beam),	1873	5.00	1889	2.00
Two-horse iron plow (wood beam),	1873	13 00	1889	8.00
Two-horse side hill or reversible plow,	1873	18.00	1889	10.00
Potato-digger,	1873	2.00	1889	7.50
Old-fashioned tooth harrow,	1873	15.00	1889	6.50
One-horse cultivator,	1873	7.00	1889	3.50
Common garden iron rake (10-tooth steel), dozen,	1873	12.00	1889	3.75
Corn-sheller (one hole),	1873	11.50	1889	6.00

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Prices of hardware.

The following table shows the decline in prices of hardware from 1880 to 1890:

ARTICLES.	1880. Price.	1890. Price.	ARTICLES.	1880. Price.	1890. Price.
Barb wire, per lb., . .	$0.10	$0.04	Swedes iron, per lb.,	$0.12½	$0.06
Fence staples, per lb.,	.10	.05	Cartridges, per box, .	.35	.15
Iron nails, per keg, .	6.00	2.80	Wire cloth, per ft., .	.06	.03
Steel nails, per keg, .			Cast washers, per lb.,	.05	.03
Tin cup, ...	.10	.05	Post-augers, ...	2.25	1.25
Zinc, per lb., ...	.15	.10	Slop-pail, ...	1.00	.65
Wash boiler, ...	2.25	1.75	Plain wire, per lb., .	.06½	.03½
Stove pipe joint, . .	.25	.20	Pipe-collars, ...	.10	.05
Horseshoes, per keg,	8.00	4.50	Door-knobs, ...	.20	.10
Tool steel, per lb., .	.20	.12½	Cast butts with screws,	.20	.12½
Plow steel, per lb., .	.13½	.08½	Chain, per lb., . . .	.22	.12
Cook stove, ...	33.00	24.00	File, ...	.65	.25
Mattock and handle,	1.40	.85	Tin, per sheet, . . .	.35	.20
Wrench, ...	.75	.40	Door-latches, . . .	.25	.10
Blossburg coal, per cwt., ...	.80	.45	Basket, ...	.85	.45
Bull ring, ...	.40	.25	Roof saddle, ...	1.00	.65
Putty, per lb., ...	.10	.05	Door-key, ...	.10	.05
Window glass reduced 25 per cent.			Covered pail, ...	.20	.10
			Wheelbarrow, . . .	2.25	1.65
			Oil-can, ...	.85	.40
Shot, per lb., ...	.12½	.08	Plane, ...	1.00	.60
Iron, per lb., ...	.05	.03	Pie-plates, per doz., .	.70	.35
Four-tined fork, . .	.75	.50	Mortise lock, ...	.90	.35
Seat-spring, pair, . .	1.75	1.00	Cistern pump, . . .	4.25	2.25
Lantern, ...	1.50	.75	Universal wringer, .	7.00	3.00
Common clevis, . . .	.20	.10	Pocket and table cutlery reduced one-half.		
Milk cans, per doz., .	2.25	1.00			
Buggy springs, per lb.,	.20	.10			

Decline in prices of other articles.

The whole list of consumable commodities might be taken up and a similar result shown. In 1872 we were paying $2 a yard for body Brussels carpets, which in 1890 were sold for 93 cents. The price of tapestry carpets has been reduced from $1.46 in 1872 to 65 cents in 1890. And ingrain carpets from $1.20 a yard to 45 cents in the same years. In 1864 a crate of assorted earthenware which sold for $210.75 was reduced to $57.85 in 1882 and $46.30 in 1890. A crate of white earthenware which sold for $95.30 in 1852 could be bought for less than $40 in 1890. The price of laces and embroideries has been reduced 33 per cent. Silks and velvets from 25 to 33 per cent, and a general reduction in every article constituting a stock of dry goods in any store in the United States from 23 to 33 per cent from 1880 to 1890. It is difficult to make comparisons in the price of clothing because of so many changes in style and variety, but since 1880 there has been a general reduction in all grades of ready-made clothing of from 30 to 50 per cent. There has been a decline in the price of boots and shoes during the same time of over 30 per cent. A similar result is found in watches, clocks and jewelry, while a most marked reduction has taken place in all articles of household furniture. The following decline in the price of dry goods from 1880 to 1890 has taken place:

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ARTICLES.	1880. Price.	1890. Price.
Unbleached muslin, per yard,	$0.08	$0.06
Calico, per yard,	.07	.05
Gingham, per yard,	.12½	.10
Worsted dress goods, per yard,	.15	.12½
" " " " "	.35	.25
" " " " "	.65	.50
" " " " "	1.00	.75

The decline in prices in the United States has occurred under the highest and most vigorous protection the people ever enjoyed. Protection then does not prevent competition among our producers from adjusting prices to an equitable basis fixed and regulated by the cost of production in our own factories. The larger our production becomes the more our industries are diversified, the more they become extended to the States—North, South, East and West, the more difficult it becomes for combinations and trusts to fix prices and create monopolies. The foregoing facts show that trusts and combinations have not stood in the way of a reduction of prices in these commodities, and that the policy of protection has not prevented our consumers from deriving the utmost benefit from that cheapening of commodities arising from inventions and improvements.

Decline in price of farm products, etc.

The following table shows the decline in the prices of farm products and of articles that farmers buy :

ARTICLES THAT FARMERS BUY.

	1873.	1891.
Refined sugar, pound,	$ 0.116	$ 0.057
Cut nails, pound,	.046	0.186
Bar iron, ton,	86.00	42.00
Steel rails, ton,	120.50	29.92
Rio coffee, pound,	.18	.16
Tea, pound,	.95	.25
Sheeting, yard,	.1331	.0683
Drilling, yard,	.1413	.0641
Shirting, yard,	.1941	.1064
Standard prints, yard,	.1137	.06
Print cloth, yard,	.0669	.0295
Quinine, ounce,	2.65	.30
Goblets, dozen,	.85	.25
Window glass, 10x14	3.40	1.70
Under shirts, each,	1.41	.62
Ginghams, yard,	.13	.06
Carpets, 2-ply ingrain, yard,	1.14	.50
Black pepper, pound,	.19	.09
Molasses, gallon,	.69	.32
Freight rate, per ton, per mile,	2.00	.92

ARTICLES THAT THE FARMERS SELL.

	1873.	1891.
Cotton, pound,	$0.188	$0.18
Corn, bushel,	.61	.57
Wheat, bushel,	1.31	.93
Bacon and ham, pound,	.088	.76
Lard, pound,	.132	.069
Pork, pound,	.078	.059
Beef, pound,	.077	.056
Butter, pound,	.211	.145
Cheese, pound,	.131	.09
Tobacco, pound,	.107	.087

Average reduction in 10 farm products, 21.1 per cent.
Average reduction in 19 other products, 55.4 per cent.

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Relative value of farm products and other articles of consumption.

The writer has made the following table showing what quantities of commodities certain amounts of agricultural products would buy in 1873 and in 1891.

TABLE No. 6.

Table Showing Relative Values of Principal Farm Products and Articles of Consumption in 1873 and 1891:

	Gallons of Oil.		Pounds of Sugar.		Pounds of Nails.		Yards of Sheeting.	
	1873.	1891.	1873.	1891.	1873.	1891.	1873.	1891.
1000 pounds cotton would buy	766	1,428	1,620	1,754	3,832	5,322	1,412	1,464
1000 pounds beef would buy	281	800	555	982	1,282	3,010	490	849
1000 pounds pork would buy	289	842	571	1,035	1,319	3,172	504	863
1000 pounds bacon and hams would buy	345	1,085	682	1,157	1,554	4,086	602	1,111
1000 pounds butter would buy	779	2,071	1,539	2,543	3,553	7,795	1,359	2,123
1000 pounds tobacco would buy	413	1,243	833	1,526	1,886	4,677	721	1,273
100 bushels corn would buy	279	820	551	1,007	1,273	3,086	487	840
100 bushels wheat would buy	590	1,328	1,176	1,631	2,509	5,000	1,030	1,342
Total above,	3,742	9,617	7,527	11,635	17,208	36,148	6,605	9,865

	Yards of Drilling.		Yards of Shirting.		Yards of Standard Print.		Yards of Print Cloth.	
	1873.	1891.	1873.	1891.	1873.	1891.	1873.	1891.
1000 pounds cotton would buy	1,330	1,560	970	940	1,653	1,666	2,810	3,389
1000 pounds beef would buy	462	873	338	526	583	933	888	1,898
1000 pounds pork would buy	475	920	348	554	600	983	914	2,000
1000 pounds bacon and hams would buy	568	1,185	415	714	716	1,266	1,091	2,576
1000 pounds butter would buy	1,281	2,262	938	1,362	1,616	2,416	2,461	4,915
1000 pounds tobacco would buy	680	1,357	498	817	858	1,450	1,307	2,949
100 bushels corn would buy	458	896	336	539	579	956	881	1,954
100 bushels wheat would buy	964	1,453	611	853	1,225	1,550	1,840	2,784
Total,	6,218	10,506	4,454	6,305	7,830	11,220	12,192	22,465

Free trade fosters monopolies.

It is certain that this result could not have been reached through free trade. The main purpose of the policy of free trade is to develop manufacturing in certain localities or countries, thus creating monopolies

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and rendering the rest of the world dependent on them. The great purpose of Richard Cobden and the free traders of England in their attempts to secure the establishment of universal free trade, was to prevent competing manufactories from rising in the United States and Continental Europe, thus leaving to themselves a monopoly of manufacturing. Again, a monopoly once acquired, such as the British manufacturers possessed in 1846 could more easily be maintained under free trade. In fact, it was only by the removal of tariff barriers in other countries that it would become possible for British manufacturers to destroy, through ruinous competition, the rising industries of other countries, and then step in and control their markets. That this has been the policy pursued by British manufacturers since the battle of Waterloo is fully established. It is a mistaken notion that competition is waged for the benefit of consumers. Mr. David Syme, a very able Englishman, who was thoroughly conversant with their methods, became an ardent protectionist when he removed to Australia.

He said:

Free competition does not always lower prices.

It is quite a mistake to suppose that competition invariably tends to reduce prices. It is only when sellers compete that prices are lowered, for when buyers compete they are invariably raised. The object of the producer in engaging in any branch of industry being profit, he will naturally take all the means at his command to increase that profit to the utmost. But a man will be able to make a larger profit if he has the whole market to himself than if he shared it with another, and, as a rule, the greater the amount of competition in a given market, the smaller will be the amount of profit to be divided among the competitors. It will thus become the object of every competitor to reduce the number of his rivals. The tendency of competition will, therefore, be in the direction of a monopoly. A monopoly is said to exist when one man, or several acting together, holds entire possession of any commodity or controls any market. Competition exists when possession is disputed. If competitors, however, act exclusively with a view to their own interests, as we are told they must, it will be their main object to reduce competition to a minimum, or, in other words, to create a monopoly. Thus the principle from which the deductionist started, namely, the sufficiency of self-interest, instead of tending to competition, leads back ultimately to restriction in its worst possible form.

The profits of producers are largest when consumption is in excess of production, and the prospects of sharing in these induces competition. When production overtakes consumption, profits are reduced, and no more competitors enter the field.

When production is in excess of consumption, and competition goes on as before, profits may cease altogether, and then begins the struggle for existence among competitors. Each competitor will now endeavor to obtain the customers of the others, by fair means or foul, and the inevitable result will be that strength and cunning, as in the animal world, will prevail, while the weak and honest trader will go to the wall. In order to render competition successful, in other words, to establish a monopoly, one of two things, or both are requisite on the part of a competitor. The first is the command of a large capital; the second is the absence of all moral principle.[1]

[1] Industrial Science, p. 58.

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The history of nations shows that it has been wholly through the policy of protection that manufacturing has been extended in the United States and Continental countries against British competition, thus bringing into the field producers who are offering their wares for sale in competition with each other at fair prices. Mr. Cobden well understood the effect of such wide extension of production. He knew that it would result in destroying that monopoly which British manufacturers then held and were then seeking to perpetuate. Speaking of the unfair methods resorted to by British manufacturers in order to destroy rival industries in other countries, Mr. Syme says:

> The manner in which English capital is used to maintain England's manufacturing supremacy is well understood abroad. In any quarter of the globe where a competitor shows himself who is likely to interfere with her monopoly, immediately the capital of her manufacturers is massed in that particular quarter, and goods are exported in large quantities, and sold at such prices, that outside competition is effectually crushed out.[1]

Protection breaks down monopolies.

Protection has not only stood as a shield guarding our industries from destruction through such means, but it has prevented British manufacturers from monopolizing our markets and compelling us to pay exorbitant prices for her wares. Instead of building up monopolies, protection has been the most powerful agency resorted to for preventing their existence.

We need not go back of the results of the McKinley bill to find proof of this proposition, although every industry which we have established furnishes an example of this fact. It has already been pointed out that as soon as tin plate factories were established under the protection accorded by the McKinley bill, the Welsh tin plate manufacturers reduced their wages, in order to make goods cheaper for our market. Attention is again called to a statement already quoted from the speech of Mr. Taylor, a Welsh manufacturer, in response to a toast at a banquet given by the manufacturers in England. He said: "There was no doubt that English manufacturers would have to reduce the cost of production if they were to maintain their hold of the American trade, and he knew of no other source from which relief could be got than the rate of wages."[2] It will be remembered that Mr. Gladstone also recognized this effect of protective legislation in foreign countries. "But still it has necessarily had the effect of diminishing profits and wages in this country."[3] The practice of this policy by British manufacturers has prevented an increase in wages in the United States. By reducing wages and profits in England they have still been able to invade our markets with their cheap wares.

With full knowledge of these facts free trade economists taunt us with the statement that an increase in wages does not immediately follow

[1] Industrial Science, p. 68. [2] Ante, p. 321. [3] Ante, p. 322.

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increased duties. They say that if the protectionists' theory is true that increased duties enable the American manufacturer to pay higher wages, he ought to raise the wages of his employees as soon as he has induced Congress to increase the tariff. While this would be possible if the duty were placed high enough to exclude the foreign rival, it is made impossible by the competition which is continued through reduced wages and profits in Great Britain.

Wages under a protective tariff.

It is a noteworthy fact that while the process of cheapening the price of commodities has been going on, the wages of our artisans have steadily increased, thus enabling them to derive a double advantage from the policy of protection: (1) an increased income; (2) an enlarged purchasing power of the day's earnings. These benefits are independent of the more steady and increased employment which has been afforded through our constantly increased production, and the expansion of our industries.

Turning to the census of 1860, it is found that in the last year of the low tariff period the number of employees in the manufacturing establishments of the United States was 1,311,246, with wages amounting to $378,878,966, or $288 each. In 1890 the number of laborers in the manufacturing establishments of our country was 4,712,622, earning $2,283,216,529 in wages, or $484 each, an increase of 68 per cent. This it will be conceded is a very low estimate of the increased earnings from 1860 to 1890. There is no doubt that wages in textiles and in many other branches of industry have doubled under protection, since 1860.

In examining weekly wages in the United States since 1830 it is found that very slight if any increase occurred during the low tariff period from 1835 to 1840, while it is known that a very material advance took place from 1824 to 1832, and from 1842 to 1846, under the stimulus which was given to industries by the protective legislation of those years. From 1846 to 1860 wages in those industries which were affected by competing imports from Great Britain practically stood still, although the causes which contributed to an improvement in certain branches of employment, such as railroad building, brought about a small increase in employments so affected.

Increase of wages from 1840 to 1891.

An investigation was made by Mr. Aldrich and the Senate Committee on Finance, published in March, 1892, known as the report on "Wholesale Prices, Wages and Transportation," into the changes which occurred in wages in certain industries from 1840 to 1891. It would be unfair to make comparisons between 1840 and 1860, because 1840 was a year of depression following the calamities which had befallen the country in 1837; while in 1860 the crops had been large and some causes contributed to a slight improvement during this year as compared with previous years of the low tariff period. Colonel Carroll D. Wright, of the Bureau of Statistics, who participated in this investigation, in an article published

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in the "Forum," of October, 1893, mentions some of the changes which occurred, as disclosed by the report referred to.

The following table shows daily wages in several occupations in 1840, 1860 and 1891:

	1840.	1860.	1891.
Occupations (New York City),	$0.62.5	$0.84	$2.00
Compositors,	1.50	2.00	3.00
Carpenters (Connecticut),	1.25 to 1.60	1.25 to 1.75	3.00 to 3.25
Carpenters (New York),	1.50	2.00	3.50
Painters (New York),	1.50	2.00	3.50
Wheelwrights,	1.25	1.25	2.50
Cotton weavers (women, in Massachusetts),	.62	.54.5	1.05
Frame spinners (women),	.62	.54.5	Above 1.05
Wool spinners (both jack and mule),	Below 1.00	1.05	1.35 to 1.75
Puddlers (Duncannon, Pa.),	2.30	2.01	2.91
Drillers (New Jersey),	.75	1.00	1.50
Blasters (New Jersey),	.75	1.00	1.50
Unskilled laborers (mining, Cornwall, Pa.),	.50	.75	1.55

TEACHERS' WAGES, PER ANNUM.

	1840.	1860.	1891.
Principal (Boys' High Schools, Baltimore, Md.),	$1,500.00	$1,500.00	$2,400.00
Principals (Primary schools, boys and girls, Baltimore, Md.),	250.00	300.00	696 00

WAGES OF TEACHERS PER MONTH IN REMOTE DISTRICTS OF BARNSTABLE COUNTY, MASSACHUSETTS.

	1840.	1860.	1890.
Men,	$20.28	$40.73	$68.18
Women,	6.14	19.12	34.88

Colonel Wright states in his article that "the years 1840 and 1891 represent the opposite extreme limits of general conditions. Prices were low in 1840; labor was low."

The returns from twenty-two industries and from nearly one hundred distinct establishments showed an increase in wages from 1840 to 1860 of 17.5 per cent, while the average increase of wages in the same number of establishments from 1860 to 1891 was 68.6 per cent.

Only a slight increase during the low tariff period.

It is fair to assume from what Colonel Wright says, and from the fact that 1840 was a year of extremely low wages and depression, that had 1846 been taken as the basis of comparison with 1860, it would have been found that no increase had taken place during the low tariff period

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following 1846 and closing with 1860. It appears from the figures given by Colonel Wright that there was actual decline in the wages of cotton weavers and frame spinners between 1840 and 1860. These industries, it will be noted, were directly affected by the increased imports of competing commodities after the adoption of the Walker tariff of 1846. The improvement which is shown in the building trades between 1840 and 1860 cannot be attributed to any general advance which might be affected by the tariff, but to general conditions resulting from other causes. It has been shown that these industries enjoy a degree of natural protection and that they are not directly affected by the depressing influences of competing imports. But we are supplied with definite information upon the changes which have occurred in the wages of those employed in textile industries, by the excessive competition to which they were subjected during the low tariff period between 1846 and 1860, and the higher wages which were made possible under protection since 1860.

The Hon. Henry W. Blair, of New Hampshire, in a speech delivered in the House of Representatives January 16-25, 1894, presented a letter from John P. Bresiel, of Laconia, N. H., dated January 2, 1894, showing the wages made in the Granite Hosiery Mills of Laconia, N. H., from 1846 to 1860 and from 1860 to 1892, giving the names of the operatives and the number of days worked and wages earned by each operative, taken from the books of the company as follows:

In June, 1892, in our mills the total pay roll was $6698.79. The total number of hours worked (not including bookkeeper and clerk) was 4265. The average wages per day was $1.57, not including the salaries of bookkeeper and clerk. Briefly stated, these pay rolls show the following wage rates for the different periods:

1848, Walker tariff, 50.7 cents per day of 14 hours, 3.62 cents per hour. 1853, Walker tariff, 57.4 cents per day of 14 hours, 4.1 cents per hour. 1861, Morrill tariff, about 50 cents per day of 11 hours, 4 6-11 cents per hour. 1892, McKinley tariff, $1.57 per day of 10 hours, 15.7 cents per hour.

For 1893 the wage rate showed a slight increase over 1892, until the panic stopped business. Since October our mills have been idle, and nearly all the mills in this city. Such as have attempted to run have reduced wages from 10 per cent to 25 per cent, and no mill has employed half its working force at the reduced rates of pay.

Wages between 1860 and 1890.

Upon the question of increased wages between 1860 and 1880, we have the statement of Mr. Edward Atkinson, a free trade economist, from an article in the "Forum" of July, 1888, as follows:

By analyzing the rates of wages as well as their purchasing power, it is proved that since 1860, subject to temporary reduction in the purchasing power of wages during the period of war and paper money, the constant tendency of wages or earnings has been to rise both in rate and in purchasing power. By selecting the rates of wages given in Vol. XX of the Census of the United States, compiled by Mr. Joseph D. Weeks, and assorting these rates by classes, the data being taken from over 100 establishments, I find that there is an increasing disparity among those who constitute the working classes in the strictest sense. Given a standard of the average consumption of food, fuel and materials for clothing, rent being omitted

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because it varies so much in different parts of the country, it is apparent to any one who will devote sufficient time to a thorough investigation of the whole subject, that since 1865 the wages of foremen, overseers, boss-blacksmiths, specially skilled cabinet-makers, and the like, have advanced 108 per cent; average mechanics, engineers, carpenters, machinists, and the like, 90 per cent; factory operatives and all persons engaged in the ordinary arts of making stoves, boots, hats, cars, wagons and the like, 78 per cent; and common laborers only 66 per cent.

The facts presented under this head are so universally concurred in that it is not necessary to multiply authorities to show that under the low tariff from 1846 to 1860, when British manufacturers were monopolizing our markets, we passed through a period of high prices for all manufactured goods, which we were compelled to purchase, low prices for farm produce and low wages in all branches of industry; while since 1860 the price of manufactured goods has steadily declined, and wages have advanced more than ever before during an equal period. And when protection was assailed by the Democratic party, upon the election of President Cleveland, in 1892, the American artisans and laborers were receiving the highest wages, both in money and in purchasing power, that have ever been paid to wage-earners since the beginning of time.

Effects of protection.

In conclusion it may be stated that the policy of protection in the United States has brought about the following results:

First. When a duty is imposed upon a competing commodity sufficient to afford adequate protection to American capital and labor, capitalists invest money in the building of factories for its production.

Second. Labor is employed at higher wages than are paid in any other country.

Third. Domestic competition destroys foreign monopoly and brings down the price to a point which affords a fair profit to our capitalists and good wages to our labor.

These three things have occurred in every instance where protective duties have been imposed since the first tariff laws were adopted in 1789. In all cases where duties have been reduced to a point which would not compensate for the difference in the cost of production between the United States and foreign countries, based on the American rate of wages, our manufacturers have been compelled to reduce wages to meet the new conditions, and in many instances have been driven out of business and their factories closed. When competing imports have been encouraged by low duties, the progress of our industries has been arrested, and our laborers deprived of employment, while it has resulted in an improved condition, increased employment, and benefits to foreign producers. Our experience has shown that only through the maintenance of adequate protection can the benefits stated be enjoyed and the disastrous results be avoided.

In preceding chapters, in connection with the treatment of various industries, tables showing the rate of wages paid in the United States, compared with those paid in Great Britain and other countries, have been

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TABLE NO. 7.

Table Showing the Average Weekly Wages Paid in the General Trades in Europe with those Paid in Similar Trades in the United States, 1890. Compiled from Report of the Royal Commission of Great Britain, and Consular Report of the Department of State of the United States.

Number.	Occupations.	United States.	Great Britain.	Germany.	France.	Belgium.	Austria.	Holland.	Switzerland.	Russia.	Per cent of wages paid in the United States over Great Britain.
1	Bricklayers,	$22.00	$7.80	$4.21	$5.74	$4.56	$3.55	$4.80	$5.21	$4.32	182
2	Bricklayers' tenders,	10.75	4.96	2.92	3.13	3.22	2.08	3.60	2.99	2.45	117
3	Masons,	21.00	7.74	4.07	5.33	5.22	3.73	4.80	5.27	6.72	171
4	Masons' tenders,	10.25	4.50	3.15	3.23	3.09	1.92	4.00	3.50	2.88	128
5	Plasterers,	22.50	7.74	4.43	6.34	4.66	4.01	4.00	5.03	4.61	191
6	Plasterers' tenders,	12.50	5.06	2.91	3.23	3.02	1.82	4.00	3.40	2.55	147
7	Slaters,	17.50	7.33	4.20	5.65	4.98	4.00	4.00	4.35	4.20	139
8	Plumbers,	19.25	7.80	4.26	6.10	5.46	4.11	4.80	5.18	4.32	147
9	Carpenters,	15.25	7.68	4.11	6.20	4.07	5.10	4.80	4.74	3.30	99
10	Painters,	12.00	7.43	4.82	. . .	. . .	. . .	. . .	. . .	. . .	62
11	Bakers,	9.50	6.50	. . .	. . .	4.28	4.63	4.80	3.88	2.92	46
12	Blacksmiths,	14.00	*7.37	4.00	5.81	5.38	3.18	4.80	5.20	3.72	90
13	Blacksmiths' strikers,	9.75	*5.30	2.94	4.72	3.29	3.15	3.60	4.43	2.72	84
14	Bookbinders,	15.25	6.92	4.20	5.17	5.35	4.10	4.00	4.68	3.42	120
15	Brickmakers,	13.70	6.27	3.98	5.32	4.25	6.20	3.20	4.43	2.80	119
16	Butchers,	12.25	5.76	3.32	. . .	4.31	3.50	3.60	4.66	2.91	113
17	Brass founders,	12.50	*7.47	4.38	6.54	6.02	3.60	4.00	4.92	4.20	67
18	Cabinet-makers,	13.50	7.15	4.25	6.14	5.66	4.40	4.80	5.59	5.76	89
19	Confectioners,	12.00	*6 84	3.43	4.85	5.03	. . .	4.40	5.84	3.36	75
20	Cigar-makers,	14.57	6.07	3.63	4.69	6.28	3.00	4.00	3.30	3.80	140
21	Coopers,	12.00	7.29	3.97	5.58	5.17	3.64	4.80	4.78	3.66	65
22	Cutlers,	10.00	7.20	3.90	5.16	5.28	3.00	. . .	4.93	3.91	39
23	Drivers, draymen and teamsters,	11.00	5.04	2.96	5.57	3.77	2.20	4.40	. . .	3.60	118
24	Drivers, cab and carriage,	9.00	4.20	3.21	4.82	3.92	4.00	2.50	. . .	3.60	114
25	Drivers, street railway,	12.25	5.04	3.44	4.47	4.09	3.68	4.40	3.84	2.95	143
26	Engravers,	18.00	*8.38	5.12	7.35	6.42	4.77	8.00	6.35	4.66	115
27	Hatters,	13.00	6.00	4.36	5.50	4.60	3.85	4.00	3.84	5.10	117
28	Horseshoers,	15.50	*6.32	3.61	5.89	5.62	3.48	4.40	4.65	3.75	145
29	Laborers, porters, etc.,	9.75	4.08	3.11	3.93	3.77	3.00	3.20	3.61	2.88	139
30	Lithographers,	12.00	7.68	5.59	7.07	5.86	5.93	4.80	5.51	4.88	56
31	Millwrights,	14 00	6.97	4.18	6.74	5.00	3.10	4.80	6.30	3.30	100
32	Printers,	15.50	*7.17	. . .	6.64	5.94	4.85	6.00	5.93	5.76	116
33	Saddle and Harness makers,	11.50	*6.63	3.69	5.70	5.51	3.80	. . .	5.20	5.10	73
34	Sailmakers,	13.50	8.16	2.85	6.04	4.56	3.80	4.80	. . .	2.59	65
35	Shoemakers,	11.00	6.00	2.95	2.90	. . .	. . .	4.00	. . .	. . .	83
36	Stevedores,	15.00	*8.44	5.70	6.72	4.36	7.40	. . .	. . .	2 88	78
37	Tinsmiths,	11.86	*6.56	3.55	5.46	4.40	3.70	4.00	4.40	2.96	81
38	Machinists,	18.00	8.50	4.60	. . .	. . .	. . .	. . .	. . .	. . .	112
39	Upholsterers,	18.00	6.72	4.52	. . .	. . .	. . .	. . .	. . .	. . .	168

* 1884.

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given. For a comparison of wages paid in general trades in the United States, Great Britain and Continental countries attention is called to Table No. 7 on page 197. The wages given for Great Britain were compiled by the writer from the Report of the Royal Commission on Labor, as disclosed by its investigation in 1891 and 1892. The wages for Continental countries were taken from the United States Consular Investigation, made in 1884. Those for the United States are the average wages paid in New York and Chicago in 1884, as reported by the United States Consular Investigation. It should be noted that no allowance is made for the advance which has taken place in the wages paid in Continental countries since 1884. Table No. 30 exhibits wages paid in various occupations in Great Britain in 1891 and 1892, compiled from the Report of the Royal Commission on Labor.

TABLE NO. 8.

Table Showing the Average Weekly Wages Paid in Great Britain to the Following Trades and Occupations, as Stated Below. Compiled from Report of the Royal Commission on Labor of Great Britain.

OCCUPATIONS.	Great Britain.	OCCUPATIONS.	Great Britain.
Coachmakers,	$6.35	Hand nail makers,	$4.42
Compositors, job work,	7.44	Lock and key smiths,	4.32
" morning papers,	10.14	Spike nail makers,	3.16
" evening "	8.28	Pocket knife cutlers,	4.80
" weekly "	7.50	Cutlers, full time average:	
Gas stokers,	7.58	Bone, half and scale cutlers,	7.20
" firemen,	7.66	Scissors grinders,	
Chemical workers,	7.80	File grinders,	
Copper "	7.50	Silversmiths,	
Salt "	6.48	Silver buffers,	
Glass bottle makers,	10.08	Edge tool grinders,	
Seed crushers,	6.92	Street car employes:	
Sawyers,	7.88	Carmen,	5.40
Ship assistants,	5.74	Cartmen,	5.04
Mat makers,	4.25	Cab drivers,	4.20
Wages paid by cities:		Horsemen,	5.76
Policemen,	6.72	Railway service:	
Pavement and sewers,	5.50	Conductors,	5.28
Water works,	6.04	Checkers,	6.24
Wages paid by government:		Clerks,	6.00
Dockyards,	6.46	Engine drivers,	8.64
Royal engineers,	4.96	" men,	8.28
Ordnance store department,	5.12	Foremen,	6.24
Iron workers:		Firemen,	5.16
Iron molders (Scotland),	8.64	Guards,	6.36
" " (Aberdeen),	8.10	Porters,	4.08
Blast furnacemen (Cleveland),	7.92	Plate layers,	4.32
Blast furnacemen (Cumberland and Lancashire),	7.92	Passenger porters,	3.60
Iron founders (United Kingdom),	7.68	Receivers,	6.24
Nut and bolt workers,	7.68	Shunters,	4.80
Blast furnacemen (Ayershire),	7.28	Signalmen,	5.22
Chair makers,	6.20	Waymen,	4.08
		Yardmen,	5.76

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SAMUEL J. RANDALL

"I HAVE NO DIFFICULTY IN CHOOSING BETWEEN THE TWO LINES OF PUBLIC POLICY, AND I CHOOSE FOR MY OWN PEOPLE AND MY OWN COUNTRY, AND AGAINST ALL THEIR COMPETITORS, WHETHER OPEN OR CONCEALED ENEMIES."

SAMUEL J. RANDALL.

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CHAPTER IV.

REVIEW OF THE GROWTH AND INDUSTRIAL PROGRESS OF THE UNITED STATES FROM 1860 TO 1890—ECONOMIC CHANGES—CAUSES OF POLITICAL UNREST—THE REPUBLICAN PARTY FAVORED THE ESTABLISHMENT OF NEW INDUSTRIES AND ENCOURAGEMENT OF THE HOME MARKET—THE DEMOCRATIC PARTY URGED A RETURN TO FREE TRADE—THE RISE OF THE POPULISTIC PARTY—THE DEFEAT OF THE REPUBLICAN PARTY IN THE CONGRESSIONAL ELECTION OF 1890—CAUSES WHICH CONTRIBUTED TO THE TRIUMPH OF THE DEMOCRATIC PARTY IN 1892.

We lead all nations in agriculture, we lead all nations in mining, and we lead all nations in manufacturing. These are the trophies which we bring after twenty-nine years of a protective tariff. *Can any other system furnish such evidences of prosperity?* Yet in the presence of such a showing of progress there are men everywhere found who talk about the restraints we put upon trade and the burdens we put upon the enterprise and energy of our people. *There is no country in the world where individual enterprise has such a wide and varied range and where the inventive genius of man has such encouragement.*—WILLIAM MCKINLEY, Jr.

Great economic changes.

During the period from 1870 to 1890 and more especially from 1875 to the latter date, the country passed through great economic changes, resulting from its rapid expansion and development. The spirit of progress which had animated the people manifested itself in the development of mining, the production of raw materials, the extension of manufactures, and particularly in widening the area of land under cultivation, which latter movement resulted in a tremendous increase in our production of foodstuffs. At no time since the formation of the government had we reached an equilibrium between manufacturing and agriculture. As stated by Mr. Dickinson, when our government was formed our people from Maine to Florida were all tillers of the soil. From 1789 to 1846 our grain and provisions were excluded from the markets of the Old World and the American farmer had no market except as it was slowly built up at home by the establishment of a system of manufacturing.

Although the United Kingdom removed its duties on grain and provisions in 1846, the American farmer was not materially benefited thereby, because the same privilege of an open market in Great Britain for farm products extended to the entire world. Moreover the British soil was

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Stimulating influence of the civil war.

then under such a high state of cultivation and its home product was so large that it was many years before the English people became great importers of foreign foodstuffs. The demand for equipments by the Northern army during the civil war caused a sudden and rapid development in our manufactures; at the same time thousands of young men were drawn from rural life to become soldiers; and the net result of this was that, for the first time in the history of the country, there was brought about a more perfect equilibrium between our farms and factories. When the war had closed, however, notwithstanding the great expansion of mining, manufacturing and transportation which followed, the rush for the new lands of the West sent American agriculture again to the front as the preponderating industry of the country. The rights to enter new lands under the homestead law and because of military service, were important factors in the movement to the Western States. The great extension of railroads between 1870 and 1890 was also a powerful agency in the rapid settlement and development of the new farming regions. During those years 66,000 miles of railroad were built north and west of the Missouri River and the population of those States during that time increased from about 2,000,000 in 1870 to over 7,000,000 in 1890. Agricultural implements and machinery had now been greatly perfected by new inventions and devices.

Mr. VanBuren Denslow, in "Principles of the Economic Philosophy of Society, Government and Industry," pages 264-265, gives the following instructive and interesting account of the inventions and improvements in agricultural machinery in the United States. He says:

Great inventions of agricultural machinery.

The first patent issued in the United States after the organization of the patent office was in June, 1797, to Charles Newbold of Burlington, New Jersey, for a cast-iron plow which combined the mold-board share and land-side all in one casting. During the early part of the present century, however, the plow most in use was of wood, iron-shod, large, ill-shaped and cumbersome, drawn by from one to six yoke of oxen, requiring one and often two men at the handles, another to ride on the beam to keep it in the ground, another to keep it clear, and several drivers for the oxen, often four and six, but never less than two, to turn one acre a day. Successive improvements in the cast-iron plow were made in 1810 by Josiah Ducher of New York, in 1814 by Jethro Wood of Scipio, New York, and in 1836 the implement was brought to a degree of perfection by Joel Nourse of Worcester, Massachusetts. One man with a single horse will now plow two and a half acres of light soils, and with two horses, by means of the sulky attachment, will ride while driving, breaking two-and-a-half acres of prairie per day. With a gang plow one man and two horses will plow five acres a day, a saving as compared with our first example of ten men plowing one acre, amounting to forty-nine men out of fifty required to do the same work. One man, with a cultivator and a pair of horses, works one acre of corn per hour, whereas he would formerly, with a hoe, work half an acre in a long and hard day, thus saving the labor of nineteen-twentieths of the men formerly required to cultivate corn.

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Various American inventions.

The first American patent for harvesting grain issued in May, 1803, to French and Hawkins of New Jersey, was followed by mowers, cutters and threshers, in endless number. In 1828, Samuel Lane of Hallowell, Maine, patented a machine for cutting, gathering and threshing grain in one operation. The Hussey Machine, in 1833, cut as fast as eight men could bind. In 1834, Cyrus H. McCormick of Virginia, patented his first reaper for cutting grain of all kinds. In 1836, Moore & Haskell provided one which would cut, thresh and winnow the grain at once. In 1860 one man with four horses would cut ten acres a day. Now machines are used whereby one man and team, traveling three miles per hour, will cut eighty[1] acres in ten hours, or as much as could be done by 320 men with sickles. Formerly threshing out a few hundred bushels of grain, with a flail, would fill up a farmer's leisure days throughout the winter. Now (1890) the steam thresher threshes, winnows and sacks the grain as fast as twelve or fifteen men can feed the machines and clear away the straw—turning out 1,000 to 1,500 bushels a day. In California, machines are now used which find the grain standing, and leave it in sacks, combining the cutting, threshing and winnowing in one operation, and putting it in sacks in another. Formerly men took the ripened ear of Indian corn from the stalk by hand and husked. Now a machine drawn by two horses picks off the ear, gathering all the ears whether the stalks stand up or are bent down, husks as fast as eight men, leaves all the husks on the stalk, and does not pull up or cut or break down the stalks. Forty years ago, by scraping an ear of Indian corn across the end of a shovel, on which the worker was sitting, he would shell from five to twenty bushels a day. Now two men, with a cornsheller, shell twenty-four bushels an hour, or, with the three classes of horse-power shellers, four men will shell 1,500, 2,000 and 3,000 bushels per day respectively; one man doing the work of 75, 100 or 150 men. Formerly the farmer paid a toll of an eighth or a tenth to get his grain ground. Now the mills run so automatically, that little more than a watcher at night with his lantern is needed, and the cost per bushel is hardly appreciable.

Growth in agriculture.

Their extensive use is shown by the increase in the value of manufactures of agricultural implements from $17,590,000 in 1860 to $68,400,000 in 1880 and $81,271,000 in 1890; an increase in the annual production of 300 per cent during the thirty years which intervened between 1860 and 1890. The value of the agricultural implements and machinery on the farms of the United States in 1870 was $336,878,000 and in 1890, $494,247,000. The value of live stock on our farms increased from $1,500,384,000 in 1880 to $2,208,767,000 in 1890. In 1870 we produced 287,745,000 bushels of wheat, and in 1890, 468,373,000 bushels. The increase in the production of corn was much greater, advancing as it did from 760,944,000 bushels in 1870 to 2,122,327,000 bushels in 1890. The oat crop was 282,107,000 bushels in 1870 and 809,250,000 bushels in 1890. In the production of dairy products the growth was equally great. From a production of 567,584,000 pounds of butter and cheese in 1870, it reached 1,042,950,000 pounds in 1890. The number of acres of improved land in farms was 188,921,000 in 1870 and 357,616,000 in 1890; and the total farm value as shown by the United States census had increased from $9,262,803,000 in 1870 to $13,279,252,000 in

[1] This seems to be incredible; probably a typographical error.

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1890. (One-fifth of the value as given by the census of 1870 should be deducted on account of estimates made in inflated paper currency.) The value of the product of our manufacturing establishments was $4,232,325,000 in 1870 and $9,372,437,000 in 1890, an increase since 1860 of 397 per cent. The value of the materials used had increased from $2,488,427,000 in 1870 to $5,162,044,000 in 1890 or over 100 per cent. The railroad mileage of the country increased from 30,626 miles in 1860 to 93,296 miles in 1880 and to 166,706 miles in 1890, of which 66,000 miles had been built between 1870 and 1890 in the region north and west of the Missouri River. Our population had increased 99 per cent between 1860 and 1890. It was 38,558,000 in 1870 and 62,622,000 in 1890. Between 1870 and 1890 over 7,000,000 immigrants had come to our shores.

Foreign trade expands.

Our foreign trade had greatly expanded since 1860; in fact its growth compared favorably with that of other nations.[1] Although we were restricting the importation of competing commodities and England was practicing free trade in everything, our exports and imports were nevertheless increasing while those of England were relatively declining.

From 1874 to 1892 the imports of the United States increased 46 per cent and those of England only 14 per cent; and during the same years our exports increased 75 per cent and those of England decreased one-third of one per cent.[2]

The following shows the growth of the foreign trade of the United States since 1860:

EXPORTS.

	1860.	1870.	1892.
Domestic	$316,242,423	$376,616,473	$1,015,732,011
Foreign	17,333,634	16,155,295	14,546,137
Total	$333,576,057	$392,771,768	$1,030,278,148

IMPORTS.

	1860.	1870.	1892.
Free	$ 73,741,479	$ 20,140,786	$457,999,658
Dutiable	279,874,640	415,817,622	369,402,804
Total	$353,616,119	$435,958,408	$827,402,462

During the seventy years which preceded 1860, fifty-seven of which covered periods of low tariffs, our imports exceeded our exports by $1,040,796,045.

It was not until 1876 that we had so developed our domestic industries that the balance of trade turned in our favor. The excess of exports and imports from 1860 to 1892 were as follows:

[1] See Vol. I., page 314. [2] Ibid.

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Year ending June 30,	Excess of Exports.	Excess of Imports.	Year ending June 30,	Excess of Exports.	Excess of Imports.
1860	.....	$ 20,040,062	1876	$ 79,643,481	.....
1861	.....	69,756,709	1877	151,152,094	.....
1862	$ 1,313,824	.....	1878	257,814,234	.....
1863	.....	39,371,368	1879	264,661,666	.....
1864	.....	157,609,295	1880	167,683,912	.....
1865	.....	72,716,277	1881	259,712,718	.....
1866	.....	85,952,544	1882	25,902,683	.....
1867	.....	101,254,955	1883	100,658,488	.....
1868	.....	75,483,541	1884	72,815,916	.....
1869	.....	131,388,682	1885	164,662,426	.....
1870	.....	43,186,640	1886	44,088,694	.....
1871	.....	77,403 506	1887	23,863,443	.....
1872	.....	182,417,491	1888	.....	28,002,607
1873	.....	119,656,288	1889	.....	2,730,277
1874	18,876,698	.....	1890	68,518,275	.....
			1891	39,564,614	.....
			1892	202,875,686	.....

Total excess of exports.....$1,943,808,852
Total excess of imports..... 1,226,532,967

Excess of exports, 1860-1892.....$ 717,275,885

The balance of trade favors the United States.

It was the enormous development of our domestic manufactures which finally, about 1874, turned the balance of trade in favor of the United States. We were now supplying these things so abundantly to our domestic market that the heavy purchases abroad of former days were made unnecessary. This condition checked the export of gold which had been taking place since 1863, and turned the current of the precious metals towards the United States, a fact which not only better enabled the treasury to maintain its gold reserve, but also strengthened our banking institutions.

In 1890 the number of wage earners over ten years of age engaged in gainful occupations was 22,735,000, a number greater than one-half of the population of the United Kingdom, of all ages and sexes, who were not only provided with employment under our protective policy, but at wages more than one hundred per cent higher than those paid in England. They were the best housed, the best clothed, the best fed and the most independent laborers in the world. One of the most marvelous achievements of the protective policy was in making it possible for an average increase of about 90 per cent in wages to take place between 1860 and 1890. The deposits in the savings banks of the United States

The savings of the people.

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in 1860 were $149,277,504; in 1890 they had reached $1,524,844,506, an increase of 921 per cent. The per capita savings in 1860 were only $4.75; while in 1890 they were $24.35, an increase of 413 per cent. It should be noted that the per capita savings are not calculated merely from the number of savings bank depositors but by taking the entire population of the country as a basis of reckoning. The actual number of savings bank depositors in 1860 was only 693,870, while in 1890 the number was 4,258,893, an increase in thirty years of 514 per cent.

Since 1865 we had paid $1,656,077,780 of the principal of our national debt, reducing the annual interest charge from $140,424,000 in 1868 to $23,378,000 in 1892, and paid the aggregate sum in interest from 1868 to 1892 of $2,058,979,886. To disabled soldiers, widows and orphans we had paid in pensions from 1864 to 1892 the sum of $1,425,795,242.

Our national wealth, according to census returns of the assessed value of official estimates, grew from $16,000,000,000 in 1860 to $65,000,000,000 in 1890. During the thirty years of development under a high protective tariff, we accumulated two-fold more wealth than during the two hundred and thirty-nine years which intervened between the landing of the Pilgrims and the civil war; yet we had passed through one of the most destructive wars of modern times in which eleven of our States were devastated by military operations and left in a state of bankruptcy. The growth of the American Republic from 1860 to 1890, considering all of the circumstances, has no parallel in the history of nations. During the continental wars, England's growth was amazing, but her own territories were not invaded and her powerful navy drove the merchant vessels of all European nations from the sea and secured to her own merchant marine a monopoly of the carrying trade of the world and to her manufactures the control of foreign markets. During our civil war our merchant vessels were captured by confederate privateers, built and fitted out in England, and our foreign commerce was destroyed.

Unparalleled progress of the nation.

Such a display of national strength had not been witnessed among the nations of modern times, save in the twenty years of the continental wars which closed with the battle of Waterloo. In 1860, with the credit of the nation impaired and its revenues exhausted, without an army or a navy, with its labor unemployed, industries paralyzed, eleven States in open rebellion against the Union, and the North filled with rebel sympathizers and spies; with a military frontier several thousand miles long to be guarded and a coast nearly as great to be blockaded; with more than half of the Old World in sympathy with the Southern Confederacy and England fitting out privateers to sweep our merchant vessels from the sea, well might the press of England and France predict that the national government would break down under the tremendous financial strain under which it was thus placed. The London *Times*, in

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1861 said: "The Federal exchequer will engage itself in an expenditure which no country in the world could ever support;" again, on June 24, 1862: "It will be impossible for the Central Government to enforce the payment of the direct taxes;" and again, on October 10, 1864, after the fall of Vicksburg and the victory at Gettysburg: "We look forward at no distant date to the day when the credit of the republic must be hopelessly and utterly destroyed."

Our English critics.

The *Saturday Review* of February 8, 1865, still predicted the insolvency of the United States and apparently did not appreciate at its full value the enduring loyalty to the Union cause which had become manifest in the North and West. It said:

> Perhaps the most striking circumstance in recent accounts from America, is the great coolness with which the people of the North contemplate the insolvency of their government. They know that the old boast about patriotic loans of indefinite extent has collapsed before enough had been raised in this shape to meet a single quarter's expenditure. They know, too, probably better than we do, that the often-repeated assurance that taxes shall be imposed sufficient at least to cover the interest on the debt will never be realized. Like its promises to pay, the promises to tax of the Federal Government will be redeemed on paper. An abstract resolution in favor of raising by taxation a revenue of not less than $30,000,000 has been almost unanimously voted by Congress, but among the financial arrangements which are said to have met with favor, there is included a condition that direct taxation shall be postponed as long as possible. That it is unconstitutional, if not illegal, is the smallest of the objections to it. The real difficulty is that an income tax would not be paid, and unless half of the 600,000 men of the Federal army are to be employed, like the Austrian soldiers, in collecting taxes, all the votes that can be passed may fail to extract the longed-for dollars from Western farmers, or even from the traders of the Atlantic seaboard.

How the American policy confounded its critics.

Our foreign critics had been educated in the wrong school of political economy. They had been taught that "wealth cannot be created by taxation," meaning thereby tariffs on imports for the protection of domestic industries; but that, on the contrary, the true source of a nation's greatness was to be found in the swelling of foreign commerce by free trade. The United States had adopted a different policy. By a protective tariff, it put every man at work who was not at the front fighting for the Union; and, through the development of native resources, new wealth was thus being created much faster than it was being dissipated by war.

It will do to repeat that the protective policy was the powerful agency which produced ample revenues and enabled the country to bear the enormous burdens that civil strife had imposed upon it, and, under its influence, instead of becoming impoverished, the American people increased in wealth every year and finally emerged from the struggle one of the most powerful nations in the world.

For the protective policy in America had secured to manufacturing,

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mining and agriculture the most prodigious home market ever enjoyed by any people. It had encouraged the development of the vast mineral resources of the country; it had applied steam and water power to the industrial arts and brought to bear upon its natural resources all the mechanical inventions and scientific knowledge of past years; and it had thus created employment for a vast number of laborers at the highest wages ever paid. Furthermore, it had attracted to the United States the capital as well as the best business talent and skill of the whole world; and especially it had induced experienced German, French, Belgian, Swiss and English manufacturers by the thousands to come and bring with them their foremen and skilled mechanics and establish their factories here. And not only had it attracted mechanics, but the protective policy had also brought to America the yeomanry of England, Scotland and Ireland, backed by the peasantry of Europe; thus giving us the best blood of the Old World to till our soil.

Foreign countries sent us the best of their people.

Economic Changes.

It should furthermore be borne in mind that this prodigious growth took place in a new and partially developed country; and that such tremendous movements of population; such almost unparalleled increase in a limited time in mining, manufacturing, agriculture and railroad building, was necessarily attended with great economic changes and transitions. During this process, we were passing from old to new conditions. It was not within the nature of things that that equilibrium between the different branches of production which exists in long-settled countries, could be nicely maintained under the well-nigh violent activities of the American people during the twenty years which intervened between 1870 and 1890. The industrial arts and all forms of manufacturing were being established in the States bordering on the Mississippi River, following in the wake of the pioneers who were invading the territories farther west. The iron industry, especially that part engaged in the first stages of its manufacture, which had so long been successfully carried on in New England, was being rapidly removed to Pennsylvania, West Virginia, Alabama, Ohio, Illinois and other localities, and taking up its abode near the coal fields and nearer to great markets, thus avoiding waste in transportation and saving energy with which to meet the tremendous competition which was being developed. The textile industry, also, especially the manufacture of the coarser grades of woolens and cotton fabrics, was being carried into many States. Cotton factories were now being set up near the fields where the raw material was grown. And this industrial movement away from New England afforded a promising opportunity for a tariff reform propaganda in that section; and the

Westward spread of industries.

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voice of the perennial tariff-smasher and enemy of protection was soon heard there, advising the people that the proper panacea for the ills arising against their industrial primacy through such economic changes as they were witnessing, was free raw materials for their factories; and thus many manufacturers of New England were soon heard clamoring for free iron ore, free coal and free wool. In other words, the irrepressible tariff reformer had succeeded in enlisting the very children of protection to help him insert in the protective tariff wall the tapered end of the lever which could soon be forced home to the complete overthrow of the entire structure.

Industrial equilibrium disturbed.

The discontent which was thus engendered in New England, was in time to be supplemented by a like discontent in the far Western States, and for a like cause, namely, the disturbance of the country's industrial equilibrium by movements of population, whatever the cause. For at the same time that millions of farmers from Norway, Denmark, Sweden and Germany poured into the Mississippi Valley and States west, young men from all the States farther east and especially from Illinois, Michigan, Indiana and the States bordering the Mississippi on the east, left the homes of their childhood and went to seek their fortunes still farther west, particularly in Kansas, Nebraska and the Dakotas, although to some extent, also, in the States still farther west. The result was what might have been easily foreseen. The Western country, under the conditions which then obtained, experienced a glut of farmers and farm products; and as a consequence the prices of the latter were soon so low that the expectations of the farmers were not likely to be realized. For very plainly the yield of their farms would not bring in sufficient money to meet the obligations which, in anticipation of a ready sale at fair prices for their products, they had incurred in the development of their farms. These obligations were now maturing, and the people of these newer States and of the Territories were in full sight of serious trouble. It was unfortunate at this time that conditions in the Eastern States were such as to offer little assistance in the matter. The East itself had been hard hit by Western competition in their own market from the vast quantities of Western produce which had been marketed there.

The East unable to help the West.

The course of this Western competition, in its effect upon Eastern business and employment, can be well illustrated by its effect on the Eastern cattle and meat market, which theretofore had been supplied by local cattle-raisers. In this feature, the change in the market was comparatively slow, at first (especially between 1870 and 1880), and such as still to give the Eastern farmer a share of the business. For example, as cattle-raising became unprofitable from Western ranch-competition, the farmers in New York State would buy in Buffalo Western steers to fatten for the New York City market. But between 1880 and 1890,

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cattle-raising on the Western ranches had so increased that the great Chicago packing houses were supplying directly not only the larger cities of the East, but even its small towns, with meat of all kinds, whether fresh, salted or canned; and this system of distributing these things directly from Western packing houses became so extensive and so satisfactory to the public, that the raising of beef, pork and mutton was almost entirely supplanted throughout the Eastern States, and not only did all Eastern farmers suffer most grievously by this unequal competition, but thousands of local butchers, cattle dealers and commission men were forced out of their wonted lines of business, to increase the congestion of bread-winners in other employments, to the greater distress of all.

Not only farmers but butchers suffered.

This condition had greatly depressed Eastern farm values and had caused the abandonment of many farms, the former tenants of which drifted into the cities, where, as just stated with regard to other groups of those thus disemployed, they added to the congestion of wage-earners and the increase of disemployment there. It was no wonder, then, that, under these conditions, the Western farmers should have been disappointed with the prices they realized in these Eastern States, whose purchasing power their own competition had very seriously impaired.

While the above causes were operating to destroy the equilibrium between our farm and factory products, under the act of 1883, imports of all sorts of manufactured articles were increasing, with the result that our growth in manufactures, great as it was, was not keeping pace with the increase in agriculture, which increase was, in some measure, forced by the discouragement given to manufacturing by the act named.

The downward revision of 1883 caused the trouble.

As has been stated in previous chapters, the tariff law of 1883 was the first downward revision of protective tariffs since the civil war. It stimulated importations of competing commodities, and was in effect a declaration to the capitalists of the country that no new industries competing with foreign factories were to be established in the United States, and that our manufacturing system must therefore be confined to those industries existing at that time and that even those were to be forced to struggle for existence against competing imports encouraged by the low tariffs of that Act. Of course, this same Act checked the migration of industries from the Old World, to America, a migration which, up to that time, had been going on since 1860. No thoughtful student of this period, therefore, can avoid the conclusion that it was the relative decline in manufacturing caused by this Act and distrust arising from the constant agitation of the Tariff question together with the (in some measure) consequent increase in the production of grain and provisions in the West in the manner above described, which destroyed the equilibrium between the agricultural and manufacturing agencies of this coun-

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try, an equilibrium which is so necessary to a nation's symmetrical and therefore healthy growth.

Had the Act of 1883 been as good a protective measure as was the McKinley law of 1890, the whole country would at that time have taken on new life; capital would have poured in and an immediate expansion of our manufacturing industries would have taken place. As a direct consequence, the home market for farm products would have been so greatly augmented that the low prices of grain and provisions of which the farmers so bitterly complained, would have been avoided; and at the same time the purchasing power of the farmers themselves would have so increased that every mill in the country would have run full time, our labor have been given full employment and the equilibrium between agriculture and manufacturing thus restored and maintained.

Protection would have remedied the evil.

Senate Investigations.

On April 19, 1892, the Senate, by resolution, authorized the Committee on Agriculture and Forestry to ascertain in every practical way and report from time to time to the Senate, "the present condition of agriculture in the United States and the present prices of agricultural products; and if there be any of which the prices are depressed, then the causes of such depression and the remedies therefor." W. A. Pfeffer of Kansas was the chairman of the sub-committee which conducted the inquiry. The committee entered upon its investigation during the recess of the Senate of that year. On February 21, 1893, it was authorized, by another resolution, to continue its work and on February 15, 1894, Mr. Pfeffer submitted a report to the committee of 156 printed pages.

The sudden expansion of wheat production.

The economic changes which appeared to have exerted the greatest influence in upsetting former conditions were the sudden expansion in the Western States of grain production, especially wheat; the organization of elevator companies and large concerns for the control of distribution; the formation of the great milling companies; the magnitude of the cattle-raising enterprise in the far Western States; and the rise of the great packing houses which were alleged to monopolize the market both for the sale of cattle and hogs and the distribution of the product to the consumer.

As causes of political discontent, the report also mentioned the general monopolization of commodities; speculation in futures; cornering the markets for grain and provisions; excessive capitalization of railroads; unequal freight rates; and a deficient supply of money. All of these matters were inquired into by Mr. Pfeffer's committee and treated at length in the report filed.

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Wheat and Grain.

Report of the Senate committee.

The committee attributed the decline in the price of wheat to three causes; first, the more extended use and perfection of agricultural machinery resulting in greater production; second, the great growth of wheat growing in the Western States; third, the increase in the production of wheat throughout the world. Upon this subject the report states:[1]

But there is a kind of competition among grain farmers that does affect prices locally and generally—what has been known as "bonanza" farming, as it is carried on by men who operate on large tracts of land acquired when land values were low. These great farms are common in Wyoming, Montana, the Dakotas, and in the Pacific States. The largest wheat farms east of the Rocky Mountains are found in Dakota along the line of the Northern Pacific Railroad.

This method of farming has brought the cost of producing wheat down to about 35 cents a bushel on an average yield in two States—North Dakota and South Dakota. The crop in 1889, which was below an average crop year there, yielded nearly 43,000,000 bushels (42,929,583 are the census estimates first published and subject to correction) of wheat, nearly 10 per cent of the total wheat crop of the country, and of this amount at least 30,000,000 bushels were surplus thrown on the market, an amount equal to more than one-fifth of our average annual exportation of wheat, including wheat flour.

In California "bonanza" wheat farms are larger than those of North Dakota. It is not uncommon to find one man in this State exercising rights of ownership over a tract of 50,000 acres of land, and from that up to 100,000. The committee heard of one case where two men claim to own 200,000 acres, and most of this is wheat land.

Bonanza wheat farms.

Under the old methods of farming in California the cost of producing an acre of wheat was from $5 to $6, while now it is done for half that amount, and the cost of producing a bushel of wheat has been reduced accordingly to about 22 cents on an average crop.

The wheat-harvest time extends, usually, over a period of sixty to ninety days. It is rare that rain falls on the wheat fields between May and September. The straw is short and stands erect, curing in the warm sunshine, and the heads bend over gracefully, holding the berries in place firmly to the end of the season. During so long a harvest one machine can cut over an immense area, and a modern California harvester is a ponderous machine. It is drawn by a team consisting (according to size and capacity of the machine) of 16 to 30 horses, and cuts, threshes and sacks the grain at the rate of about an acre to the horse each day. The horses are worked 8 abreast the first two or three tiers, with 4 or 2 in the lead. A 26-horse team has three tiers of 8 horses each, with 2 horses in front, and a 28-horse team has 4 horses leading. One man drives the team, one looks after the machine, while a third sews the sacks as they are filled. Thus 3 men dispose of 25 to 30 acres—often much more—of wheat in one day. Men with two or four horse wagons follow the machines at proper intervals of distance and gather up the sacks and haul them to the owner's warehouses, on the railroad. These large farms extend many miles along the roads.

What three men with modern harvesters can do.

In 1889 California produced over 40,000,000 bushels of wheat, of which at least 30,000,000 bushels were exported. This amount, added to Dakota's surplus,

[1] Report by Mr. Pfeffer on "Agricultural Depression, Causes and Remedies." February 15, 1894, pp. 26-29.

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gives a total of 60,000,000 bushels of surplus wheat, more than two-fifths of our average annual export. If Dakota's 30,000,000 bushels of 35-cent wheat affects the general level of wheat prices, it is easy to see that the addition of an equal quantity of 22-cent wheat from California must put that much more weight on the price to push it down.

Our wheat prices are affected materially by competition of farmers in other wheat-producing countries. The estimated average annual wheat production of the world is about 2,200,000,000 bushels. The wheat importing and exporting countries are thus classified:

Importing countries.—Belgium, France, Germany, Greece, Italy, Norway and Sweden, Netherlands, Portugal, Spain, Switzerland, United Kingdom.

Exporting countries.—Austria-Hungary, Bulgaria, Roumania, Russia, Servia, India, United States, Argentine Republic, Canada, Chile, Australasia.

Excluding the United Kingdom of Great Britain and Ireland, and Belgium, Europe is practically self-supplied with wheat. That is to say, with these two exceptions, the different countries of Europe are able to supply one another with all the wheat they need in average years.

For all practical purposes, it may be said, therefore, that the wheat required by Great Britain and Belgium composes the quantity which is known as the world's demand, and to supply which the farmers of all wheat exporting nations are in continual competition.

It matters not when our farmers market their wheat, it goes at a time when farmers in some other part of the world are harvesting their wheat. It is "wheat harvest" in one place or another every day in the year.

The "world's market" for wheat is over 200,000,000 bushels.

The average annual demand for wheat in the "world's market" is now considerably above 200,000,000 bushels. From 1880 to 1888 the estimated annual average world's production was about 2,000,000,000 bushels, and of that quantity the average annual requirement of the nations that buy was 203,000,000 bushels, of which amount United States farmers supplied the following percentages:

Year.	Per cent.
1880	69.13
1881	55.70
1882	49.78
1883	34.86
1884	40.34
1885	35.44
1886	47.95
1887	41.76
1888	19.90

These figures do not include exports of wheat flour. They are given to show that the proportion of the world's demand for wheat which was supplied by American farmers has been falling off since 1880. The average annual percentage since 1888 has been about 35 per cent, one-half what it was in 1880.

Much the larger proportion of our wheat exports go to Great Britain. The following table shows who are our competitors there, and the extent of their competition:

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WHEAT IMPORTATIONS OF THE UNITED KINGDOM 1886 AND 1892.

	1892.	1886.
U. S. Atlantic ports	50,435,000	25,259,000
U. S. Pacific ports	12,811,000	20,701,000
United States	63,246,000	45,900,000
India	23,325,000	20,587,000
Russia	8,144,000	6,926,000
Australia	3,765,000	1,379,000
British North America	7,233,000	5,751,000
Germany	1,132,000	2,460,000
Chile	4,270,000	3,176,000
Roumania	1,377,000	542,000
Turkey	922,000	464,000
Egypt	719,000	76,000
Other countries	6,997,000	1,167,000
Total	121,130,000	88,488,000

India our strongest rival.

It will be seen that our strongest rival is India, whose farmers during the seven years furnished nearly one-half as much as we did of the wheat requirements of our best customers. It is interesting to note that India's exports of wheat in considerable quantities began but about twenty years ago. Of the world's requirements of wheat in 1868, that country furnished only 558,852 bushels—but little over half a million. By 1887 her wheat exports amounted to 41,558,765 bushels. It has fallen off some since; the annual average from 1888 to 1891 was about 28,000,000 bushels.

Our annual average export of wheat (exclusive of flour) has been about 80,000,000 bushels during the last seven years.

On the subject of merchant milling, the committee said:

Enormous capacity of merchant mills.

When men with large capital and with practically unlimited business facilities unite in establishing and conducting capacious milling establishments, collecting their supplies from over a wide region, purchasing them from a large number of individual farmers, their power over prices of wheat is very great.

At Topeka, Kans., there are five merchant mills, with an aggregate daily capacity of 2,600 barrels. That is equivalent to an annual output of 813,000 barrels a year if the mills were run on full time, more than half enough to supply all the people in the State. This flour is sold mostly in the South and East, a considerable proportion being exported to foreign countries.

In Kansas City, on the Kansas side of the State line, there are eight grain elevators and on the Missouri side there are thirteen, with an aggregate storage capacity of 4,959,000 bushels. They have a receiving and discharging capacity of 1,230,000 bushels. A large quantity of grain is received at this place, but most of it is shipped East and South, a considerable proportion exported. There are seven merchant mills, with an aggregate daily capacity of 4,000 bushels.

Minneapolis.—There are twenty-one merchant flouring mills at this place, with an aggregate capacity of 45,000 barrels daily. This is what the mills could turn out if they were run on full time with plenty of wheat on hand for steady running. There are fifteen grain elevators at Minneapolis, with a capacity of 18,875,000 bushels. The quantity of wheat manufactured into flour by the millers is about

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45,000,000 bushels annually, enough to feed a population of 10,000,000 persons. It is equal to nearly one-tenth part of an average wheat crop for the whole country. The shipments of flour have ranged from 4,814,424 barrels from the crop of 1883, to 9,123,125 barrels from the crop of 1891. Exports of flour made at the Minneapolis mills were: In 1888, 2,197,615 barrels; in 1889, 1,953,815 barrels; in 1890, 2,097,025 barrels; 1891, 3,038,065 barrels; in 1892, 3,337,205 barrels. This is equal to nearly 25 per cent of the total flour exportation of the country during the same years.

Sixteen of the Minneapolis mills, with a reported maximum daily capacity of 41,550 barrels, are operated by four corporations. There are six private mills, reporting a daily capacity of 5,250 barrels.

The influence of such a power concentrated on one crop must be tremendous. The principle involved here is the same as that which operates in all great combinations of men and capital in particular enterprises. They are there to make money, and their profits come from two sources, purchases and sales. It is to their interest to buy low and sell high. Of course, they are affected to some extent by market rates, but they themselves have much to do in regulating the market. When they buy, they are bears; when they sell, they are bulls, and they are in a situation to operate with great force.

The great mills practically regulate the market.

Cattle Raising in the Far West.

The prices of cattle have been depressed more than any other class of live stock and this has been occasioned largely by the abnormal development in the cattle raising business in Texas and Northwestern Territories and by conditions that have grown out of that business. To appreciate the magnitude of the range and ranch cattle business, it is necessary to study its origin and history. Some interesting facts concerning its development were collected by Mr. Nimmo, statistician of the Treasury Department in 1885, and submitted by the Secretary of the Treasury to the House of Representatives in reply to a resolution of that body. It appears from that report that in 1860, and before that time, Texas cattle were slaughtered in immense numbers for their hides and tallow. Then the average value of three-year-old steers on the ranch or range was only from $3.50 to $4.50 a head. But with the construction of railroads, Kansas City, St. Louis and Chicago were soon opened to the Texas cattle trade. Those cities had become not only great cattle markets, but also great slaughtering and packing centers, from which live cattle, fresh beef, salted meats, and canned beef were shipped to various parts of the United States, and also exported to foreign countries. The construction of the Missouri, Kansas and Texas Railroad, the St. Louis, Iron Mountain and Southern Railroad, and the railroads extending west into the State of Kansas—more especially the Kansas branch of the Union Pacific Railroad and the Atchison, Topeka and Santa Fé Railroad—had been greatly promotive of the cattle interests of Texas.

Railroads open up the cattle country.

About the same time began a movement of Texas cattle northward to the great ranges of Wyoming and Montana. It had been discovered that the native grasses of that region were nutritious and peculiarly suited to the growing of cattle. Young cattle were driven there in large numbers, and some were distributed through Indian Territory, New Mexico, and Colorado. It is estimated that the total number thus driven north, composed mainly of yearling and 2-year-old steers, since the beginning of the movement and up to 1885, amounted to about 3,000,000.

The opening of these new and enormous commercial possibilities to the cattle-

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owners of Texas developed a vast amount of wealth, and had, of course, greatly stimulated the cattle industry of that State. Cattle, which about the year 1868 were worth only $4.50 a head, advanced in value to $15 and $18 per head. The opportunities for gain and the wild fascination of the herdsman's life had also drawn to Texas many young men of education and of fortune in the Northern States and in Europe. This had also been the case throughout the entire range and ranch cattle area of the United States.

Other than Texas cattle ranges appear.

Not only was Texas a great breeding ground for cattle, but vast herds were also matured and shipped direct to market from that State. The northern and northwestern portions of the State were well adapted to the maturing of cattle. It was estimated that during the year 1884 about 300,000 cattle were driven from Texas to northern ranges, to be there matured for marketing, and that about 625,000 beef cattle were shipped from Texas direct to the markets of Kansas City, St. Louis, Chicago, and New Orleans.

The Western and Northwestern range and ranch cattle area of the United States embraced the principal part of the Indian Territory, the western portions of Kansas, Nebraska, and Dakota, the Territories of Montana, Idaho, Wyoming, Utah, Arizona, and New Mexico, the States of Colorado and Nevada, and portions of California, Oregon, and Washington Territory, and this vast area, embracing 1,159,907 square miles, or 742,340,480 acres, was largely devoted to the cattle business.

For some time it was believed that Texas must continue to be the principal breeding ground, and that the Northern ranges would be the maturing and fattening ground for Texas cattle. But that belief was soon found to have been not well founded. Having learned the value of the native grasses, an important change took place in the cattle business of the plains. These grasses derived moisture mainly from the melting snows of winter and from the rainfall of the spring months. During the summer months they are cured by the dryness of the air, thus retaining their nutritious qualities through the succeeding autumn, winter, and spring months. When these supplies are temporarily cut off by snow falls the cattle resort to the white sagebrush and the black sagebrush, which, though not very nutritious, supply the cravings of hunger until the melting of the snows. It had been found also in Wyoming and elsewhere that the alfalfa or lucerne could be cultivated to great advantage wherever irrigation was practicable.

Breeds of cattle improved.

These discoveries stimulated the business in two directions. It brought about a movement of young steers from Texas to be matured on the Northern ranges, and also a movement of breeding animals from the States east and from Europe. Hon. Morton E. Post, delegate from Wyoming, made the following statement in regard to this matter:

"The cattlemen of Wyoming realized at an early day the importance of improving the breed of their animals, and accordingly began as early as 1874 or 1875 to import graded and thoroughbred bulls. The result is that the general average of the range cattle of Wyoming to-day is improved stock, having large frames and small bones. They are well-developed animals, furnishing a superior quality of beef. We have done more in Wyoming toward improving the breed of cattle than has been done in any other section of the range-cattle area. Our cattle to-day are of a very high standard, and we have increased the value of our herds materially by systematic breeding. The success already attained is stimulating the cattlemen of Wyoming to still further efforts in the direction of improving the breed of their stock. The example of Wyoming is being followed very extensively throughout the range-cattle area.

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"Our stockmen during the last few years have been doing their very best to get the best breeds, the highest class of bulls which they can procure. The cattle breeders of Wyoming have imported bulls quite largely from Europe. The very best specimens of the fine breeds have been procured. The importations from England have been principally Herefords. Durham bulls have been imported mostly from the States of Kentucky, Illinois, and other States of this country. The number of cows and heifers brought into Wyoming has been much less than that of bulls. The range-cattle business of Wyoming began along from 1868 to 1870. From that time to about 1876 or 1878 the great bulk of the cattle were brought from Texas. About three-fourths of the entire stock were steers, and the rest cows and heifers. After that the rangemen imported largely from Nevada and Oregon and the Territories of Montana, Idaho, and Utah, and also some from Colorado—mixed herds of cattle. The cattle imported from Utah, Nevada, Oregon, Idaho, and Montana were a good class of cattle, being composed mainly of improved native and largely also of improved Texas stock."

Public lands the feeding grounds.

For many years the range-cattle business was carried on chiefly on the public lands where no rental was charged or paid and where feed cost nothing. The business grew rapidly, the cattle increasing in numbers at a high rate per cent, and with the introduction of better blood the forms of the animals were changed for the better, and the quality of the meat was correspondingly improved. At first there were a good many different herds on the plains belonging to different owners, but this, too, was changed. Great companies were organized with capital amounting to millions of dollars. The Wyoming Stockgrowers' Association started out in 1873 with 10 members representing an ownership of 20,000 cattle, worth about $350,000, and in 1884 it had grown to a membership of 435, representing an ownership of 2,000,000 head of cattle, valued at $100,000,000.

The number of cattle on the ranges east of the Rocky Mountains and north of New Mexico and Texas in 1884 was estimated to be 7,500,000 head, valued at $187,500,000.

The following table shows the estimated number and value of cattle in the United States, in Texas, and on the northern ranges in 1884:

	Number.	Value.
The United States	49,417,782	$1,180,577,000
The State of Texas	9,000,000	153,000,000
The range and ranch cattle area north of Texas	7,500,000	187,500,000

Texas yielded the most cattle.

According to these figures the number of cattle in Texas and on the northern ranges constituted about 28 per cent of the total value of all the cattle in the United States at that time, and the value of those on the northern ranges amounted to about 16 per cent of the total value for the whole country. It is not pretended that this table is altogether accurate, but it is approximately so. From the best data which Mr. Nimmo was able to procure in 1885 it appeared that the total number of beef cattle marketed in 1884, outside of Texas, and mainly at New Orleans, Chicago, St. Louis, and Kansas City, was about 625,000, realizing on the average about $25 per head, or a total sum of $15,625,000.

The number of northern range cattle marketed at Chicago, St. Louis, and Kansas City, making proper allowance for duplication, was about 400,000, and their average value about $40 per head.

The number of beef cattle shipped from Texas and from the northern ranges during the year 1884, and their value at shipping points, was, therefore, according to the best available data, as follows:

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	Number.	Average value.	value.
From Texas	625,000	$25	$15,625,000
From the northern ranges	400,000	40	16,000,000
Total	1,025,000	...	$31,625,000

The range cattle business reached its highest level about the year 1885. As a rule the business yielded very large profits. There were exceptions, of course. All localities were not equally favorable to the success of the business. This was due chiefly to differences of conditions as to water supply, the quantity and quality of grasses, shelter, the number of calves produced, extent of winter losses, and the management of herds. But as a whole the business was very profitable. Large fortunes were made at the business within a comparatively brief period. Hundreds of men who embarked in the business with exceedingly limited means ranked as "cattle kings."

The business was profitable.

The average cost of raising a steer on the ranges, not including interest on the capital invested, was usually estimated by the large stock-owners at from 75 cents to $1 25 a year. Thus a steer four years old ready for market had cost the owner $4 or $5 to raise. When driven to the railroad he was worth from $25 to $45.

In the average receipts of cattle at Chicago since 1878, there was a steady gain from a monthly average of 82,000 in 1878 to a monthly average of 290,000, or 3½ times as much, in 1890. There was a slight falling off in 1891, but it was made up in 1892, when the total receipts for the year were 2,571,796 head, a monthly average of 297,640 head.

Increase in numbers and improvement in breeds of range cattle produced on public lands at nominal cost seriously interfered with the raising and marketing of high-grade and first-class beef on improved lands, where a 3-year-old fat steer cost anywhere from $35 to $60, according to location and value of land and feed. The range cattle business reached its best estate in 1884-'85.

Packing Houses.

The business of Armour & Co.

While the cattle business in Texas and the West and Northwest was growing, great packing houses at the points of collection and distribution were developing in corresponding proportion. This had the effect to diminish the number of buyers and to greatly augment their influence and power. Under the old régime small butchers bid against their more wealthy rivals, and competition was active without cutting down to the cost line. The extent to which the packing business has grown is wonderful and the power of the packers is enormous. The establishment of Armour & Co., at Chicago, claims to have done a distributive business during the year 1892, amounting to $75,000,000—distributive sales of its products. The house slaughtered 1,750,000 hogs; 850,000 cattle; 600,000 sheep. The company reports that 8,000 hands were employed, to whom $8,000,000 in wages were paid. The ground covered by this immense establishment is 55 acres; the floor space is equal to 145 acres, and the chill room and cold storage area is 40 acres. The cold storage capacity is 150,000 tons, enough to load 75,000 2-horse wagons with two tons each. It would load 7,500 railway cars with 20 tons each, and these, if divided into trains of 20 cars each, would make 375 trains. If they were massed

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in one train, allowing 25 feet space to each car, they would make a train nearly thirty-six miles long.

Packers claim that by means of improved processes for utilizing what was formerly wasted under the old methods of butchering they are enabled to clear a profit in their business even though they gain nothing on the carcass. In other words, enough is made out of the "by-products" to show a profit on the entire business. Mr. Edward Martyn, representing Armour & Co., in the statement which he filed with the subcommittee, sets out in detail the uses to which the various parts of the animal other than the flesh are put:

By-products.

"In the cattle business, after the dressed carcass has been delivered to the retail dealer and the hide to the tanner, the slaughterer has the following products, which were formerly almost all waste, to utilize and dispose of: The caul fats, which formerly went into the cheap product of tallow, are now utilized for the manufacture of oleomargarine oil, the primary component of oleomargarine. . . . The common fats, which are unfit for this purpose, are rendered into tallow. The tongue, liver, and heart are sold to the marketmen separately, unless the liver and heart are utilized in making sausages. The intestines are cleaned and utilized in covering bologna and other sausages. The bladders and weasands are used to pack snuff and putty in. From the stomach we make our plain and honeycomb tripe. The ox gall is used by printers and painters. The horns, shin bones, and blade bones are utilized for knife handles and bone buttons, and for other like purposes. The heads and small bones, the knuckles, cattle feet, sinews, pizzles, bones from extract department, hoofs, hide trimmings, and calves' feet are utilized in the glue department to be manufactured into glues and fertilizers. The blood is collected and dried, and all the offal which cannot otherwise be utilized is made into fertilizers."

Can afford to work on small margins.

An establishment doing such an amount of business of this character can afford to compete with other like concerns with very small margins on units. The total number of animals slaughtered by this company alone the last year reported (1892) was 3,200,000. One cent profit on each animal would amount to $32,000, which is equal to 4 per cent on a capital of $800,000. If the whole business can be carried on successfully on the profits on by-products alone, this $32,000 would be that much over and above a fair profit on the whole. While it is not pretended that cattle are not purchased with a view to profit on the carcasses as well as on the separate parts, the fact that this can be done without sustaining loss shows how closely prices for live animals may run along the cost line without injuring the packing business. And while competition, when it is open, and fair, tends to keep prices up, that is only when the market is not fully supplied. When buyers go into a full market, and especially when it is overfull, crowded, glutted, they can safely bear the market without opposition, for there is plenty for all.

A fat ox, as soon as it is ready for market, becomes expensive property. Every bushel of corn fed to him after that is a bushel of corn lost. And when fat cattle are once on the market—in the car or stock pen—every day of delay in sale is attended with additional expense. So, if the farmer, having his steers in the stock yards at Kansas City or Chicago, thinks he ought to have $75 a head for them, in order to pay him what it has cost him to put the animals there, if the price offered to-day does not suit him, a lower bid to-morrow with an equally full market is suggestive, and a few days of such experience has the effect to make him anxious to sell at whatever the bid may be the next day. Such cattle being wanted only for slaughter, and the packers having control of the beef business, a full market gives them abundant opportunity to supply themselves at their own

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The farmer helpless.

prices, and this without maintaining a combination for that purpose. Under such conditions the farmer cannot help himself. Prices declined in spite of his efforts to prevent it. Cheap cattle of the ranges fed the market to fullness and kept it there.

The company of which Mr. G. F. Swift is the head slaughtered, in 1892, of cattle, 1,189,498; of hogs, 1,134,692; of sheep, 1,013,527. Armour & Co., the same year, slaughtered over 3,000,000 head of animals, and Morris killed 646,026 head of cattle. These three firms killed more than two-thirds of all the cattle, one-third of all the hogs, and about one-half of all the sheep that were brought to Chicago during the year.

It is impossible to estimate the power which such great concerns have and exercise over the market prices of articles in which they deal. Mr. Swift says their sales of packing-house products during the year 1892 amounted to $90,000,000, and Armour's amounted to $75,000,000. Two such houses in full markets without any combination between them are able to handle the market to suit themselves. If they could not do so they could not afford to carry on such immense business. The larger the business the greater the influence over the prices of materials purchased for use in the business.

The influence of such large establishments extends all over the region from whence they draw their supplies. Here is a list of the States from which Chicago receives her supplies of live stock: Ohio, Michigan, Indiana, Illinois, Wisconsin, Minnesota, Iowa, Missouri, Kansas, Nebraska, Nevada, Colorado, Arizona, New Mexico, Texas, North Dakota, South Dakota, Idaho, Montana, Wyoming—nearly half the States of the Union.

The regions whence come their supplies.

The packing houses of Chicago, Omaha, Kansas City, St. Louis, Indianapolis, and Cincinnati drain all the region west of the Alleghany Mountains of its surplus live stock. It is safe to say that these houses constitute the entire list of bidders who could have any influence on prices.

These great packing establishments are object lessons which farmers may study with advantage; not because they receive any pecuniary benefits from the existence of such establishments, but because they will learn from the study how greatly the efficiency of labor is augmented by being massed and operating under a single management, how wonderfully the effect of money is magnified when used in large amounts in one enterprise, and how vastly the influence and consequent power of one man is increased by giving him control of men, money, and business.

The chairman of the subcommittee visited the grounds of the Armour packing establishment and examined the methods of operation and the manner of doing business. As before stated, the buildings occupy a ground space equal to 55 acres, and as some of them are three or more stories high, the floor area is equal to 145 acres. The floor area contained in the cold storage room amounts to 40 acres. The plans, machinery, and devices for handling everything about the premises work with the perfection of mechanism. The grounds and buildings are lighted by electric lamps. The local transportation is done on a 3-foot gauge electric railroad about three miles in length. This railway connects the warehouses and slaughtering houses, and is so laid out that the entire product of the establishment can be readily moved from one point to another at the minimum of expense and labor. Five hundred thousand pounds of product can be easily handled daily on this road with a force of ten men, where previously 200 men were kept wheeling trucks all day to move the same quantity.

Ten men do the former work of three hundred.

For moving barrels an endless chain arrangement with gripping attachments is provided. The chain is something more than half a mile in total length. A

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stream of barrels is kept moving from the pork-packing floor up two stories and along almost the entire length of one large warehouse, across a bridge to the opposite side of the tracks, and then on to the loading platform and into another warehouse. Formerly this work was done by hand, a man to each barrel. Now a barrel is rolled into the mouth of the groove in which the chain moves and the chain does all the rest. When cattle are to be slaughtered they are driven into narrow passage ways beside the pens, each compartment being only large enough to hold two animals. The cattle are killed by the stroke of a large hammer; death is immediate. Directly opposite the steers as they fall is a sliding door which is lifted, the floor is raised behind, and they are rolled out on the floor of the beef house, when they are immediately suspended by a chain quickly put around the hind legs and pulled up by machinery, when a gang of men begin work on each animal. The head is cut off and the tongue removed by one man, the feet stripped by the next, the entrails are removed by another, the hide stripped off by one, and a general finishing touch given by another. After dressing, washing, and weighing the carcass it is slid down to the chill room, a spot large enough to hold 15,000 beef carcasses, and it is kept constantly at a temperature near the freezing point. There are about 1,200 men employed in the beef house and its daily capacity is 5,000 head, equal to an average of 8½ steers every minute for a day of ten hours. The entrails are separated, cleaned, and cured, being chiefly for sausage skins. The tongues go to the canning department; the shanks and heads, after being trimmed, are transferred to the glue works; the hides are taken to the cellars underneath, where they are packed in layers of salt to cure, and the general offal directed towards the fertilizer department.

Where the by-products go.

The livers and hearts are shipped with the dressed carcasses to supply the Eastern demand. The bladders are dried and sold; the stomach makes tripe. The tallow is saved and refined, and the sweet fat is transported to the oleo factory to be transformed into oleo oil, and subsequently into butterine. The horns are sold to comb makers, and the shin bones to knife-handle and knitting-needle manufacturers. Neat's foot oil is made from the feet. Phosphate is produced from some of the bones, and the ox tail is the basis of the soup of that name. The switches, or tail ends, find a ready market with hair-mattress manufacturers. The company have taken steps looking to the establishment of tanneries connected with their business.

How hogs are disposed of.

When hogs are to be killed they are driven from the yards up elevated roadways into pens adjoining the slaughter house, and after a sufficient delay to permit them to cool off, they are driven into the building 100 or 200 at a time. Running directly over the slaughter basin are rails with wheel and pivot attachments. Boys pass a chain over one hind leg of each animal. The chain is quickly wound up and the hog lifted completely off the floor. The rail on which the pivot wheel rests is on an inclined plain, and in a moment the hog is brought right in front of the sticker. The blood drains off into a reservoir below, to be afterwards dried, pulverized, and used for fertilizing.

The hog is then brought over an immense vat of boiling water, into which it is plunged, left there a few moments, and then, by means of a gate connected by revolving pivots at the sides, swung onto a table. Passing through the center of the table is an endless chain, with hooks attached, one of which is fastened into the nose of the hog, and by this means the animals is carried along through the scraping machine.

This machine is made of steel blades, mounted on inverted cylinders, and so constructed that contact is easily made with every portion of the body as it passes

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through. In less than ten seconds the hog is clean. The bristles are saved and sold to brush makers; the hair falls into a receptacle on the floor beneath and is dried, cleaned, and sold to curled-hair manufacturers. The hog is thoroughly washed by a strong stream of water from a hose. The gambrels are then cut and the hog is once more suspended.

The carcass is cut, cooled, and dried. The various parts are utilized by means similar to those employed in disposing of beeves. Sixteen hogs are thus disposed of every minute. The storage capacity of the pork cellar is about 25,000,000 pounds. This is equivalent to the dressed meat of 125,000 hogs averaging 250 pounds, live weight.

In connection with the lard-refining business of this company they bring to their factory large quantities of lard in its first and unrefined state from small packers in the West, and transfer it to their refinery to be relieved of coarseness and impurity. In the transportation of this crude lard to Chicago they employ a line of tank cars, thus saving largely the expense of cooperage and labor incurred under the old method. The lard is pumped into the tank cars and pumped out of them, reducing labor to the minimum.

Lard; sausage; glue.

In the sausage room a large force of hands is employed in chopping meat for sausage and mince pies and stuffing all varieties of sausages. In the canned meat department they put up not only beef in cans but likewise a great variety of other viands, such as ox tongues, lunch tongues, canned soups, potted ham, potted tongue, roast beef, brawn, compressed ham, canned tripe, canned pigs' feet, chipped dried beef, Oxford sausage, strips of breakfast bacon, etc.

Connected with this department is a tin shop, in which it is reported 25,000,000 tin cans of various patterns and sizes were made during the year 1892 for use in the canned goods put up here.

The glue works are located on the Chicago River, about two miles from the stock yards. They cover a ground space of eighteen acres, employ about 800 hands, and in 1892 turned out 12,000,000 pounds of glue and 12,000 tons of fertilizer.

There are many details that would add to the interest of the description, but our object is only to direct attention to the vast amount of work done in one of these great establishments at the lowest cost and the least expenditure of human labor. So large are their purchases that the company can make immense profits on animals that do not net owners the cost of their raising and feeding, and the packing goes on in summer as well as in winter. A butcher whose sales do not require more than one carcass a day must have $5 off that single animal, or he does not make money; but a packer who uses a thousand carcasses a day, and makes a good profit out of the by-products alone, can afford to underbid the little man on the market for live cattle, because he can dress the beef in a big packing house and ship it to the local butcher's customers cheaper than he can prepare it himself.

The small butcher has no chance.

During the year 1892 Nelson Morris killed 646,026 head of beef cattle and shipped dressed beef carcasses to a few of the principal cities as follows:

	Head.
Boston	10,608
Brooklyn	22,877
Philadelphia	22,421
Washington	9,383
New York	10,894
Baltimore	16,104

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Mr. Swift's Chicago plant occupies a ground area equal to 40 acres, and he has branch houses in Omaha, Kansas City, and St. Louis. His company uses nearly 3,000 railway cars in their business, and pays out about $3,750,000 for domestic transportation, and nearly one-third as much for ocean and foreign freights. A refrigerator car costs about $1,000.

While the report of Mr. Pfeffer brought prominently before the Senate the most striking economic changes which were taking place affecting the prices of farm produce, the remedies proposed were not directed against the protective policy. The populistic party was not especially opposed to protection. According to the report of Mr. Pfeffer legislation was recommended against what was believed to be the overcapitalization of railroads, excessive freight rates, monopolization of commodities, speculating in futures, cornering markets of grain and provisions, packing companies, elevator men and the great milling interests. The demonetization of silver in 1873 was regarded as one efficient cause of the decline in prices. The economic changes and conditions set forth in the report formed the basis of the populistic party which rose in the West and reached such proportions in 1892 that it placed in the field a presidential ticket.

The basis of the populistic party.

In the election of 1892 there was cast for the Republican party 5,190,802 votes; for the Democratic party 5,554,414 votes; and for the populistic party 1,027,329 votes. The populistic party had risen since the election in 1888. Its candidate received votes in every State, Delaware and Louisiana excepted. It carried the States of Colorado, Kansas, North Dakota and Wyoming; and drew off from the Republican party votes sufficient to turn the tide in favor of the Democratic party in Colorado, Indiana, Washington and Wisconsin. The election of Mr. Cleveland was due more to the rise of the populistic party and the economic changes above described which caused dissatisfaction and unrest than from a desire of the people to overthrow the protective policy and establish free trade.

The investigation, however, conducted by Mr. Pfeffer, served one purpose. It added to the disturbance of public sentiment, incited greater unrest and aided in molding and shaping that public sentiment which gave life and vigor to the populistic party, and resulted in the election of Grover Cleveland in 1892 and the overthrow of the protective policy. While the tremendous economic forces were struggling for the mastery in the industrial evolution which was taking place, injury was inflicted upon many people and upon specific localities. Yet the great mass of the American people were exceedingly prosperous; many of those, however, with grievances were ready to trust to the advice of unwise and incompetent leaders and try political experiments.

The overthrow of protection due to the Populists.

The populistic party became a real menace to the prosperity of the

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Western people. The warfare which it had waged against banks and bankers or the "money power," as the financial interests of the nation were called, gradually disturbed confidence in the securities which the Western people were offering to Eastern investors. The remedies suggested by the populistic party did not touch the real evil from which the Western people were suffering; for lying at the bottom of the whole question was the abnormal and one-sided development which had taken place in our industrial life. A superabundance of grain and provisions had destroyed the equilibrium between the agricultural and other interests of the nation. What the agriculturists of the West most needed was a greater market for their products. Where was this market to be found? Not in the Old World; for the market there was already overstocked. As Mr. David A. Wells, an eminent free trader, said in his work "Recent Economic Changes," pages 178-179:

Superabundance of grain and provisions destroyed industrial equilibrium.

> As bearing upon this subject, certain statements recently (1889) published by the United States Agricultural Department are of the highest interest and importance. From these it appears that Europe is practically the only market that America can have for her surplus wheat. But the wheat-crop of Europe, which has not materially declined within the last ten years, and which "represents more than half of all that is grown in the world," is so nearly sufficient to meet the wants of its people, that "if the surplus of eastern Europe should be distributed only in the Continental states, it would nearly supply all their deficiencies, leaving practically only Great Britain to receive the imports of other countries, and consume alone the surplus of the wheat markets of the world."
>
> The present average wheat crop of Europe is estimated at 1,200,000,000 bushels, and her average annual deficiency of supply, to be made good by foreign imports, at 144,000,000 bushels. Of this deficiency the United States, in ordinary years, can supply about 100,000,000 bushels; but in 1880 the United States, Russia, India, Australia, and the Argentine Republic exported a surplus of 208,987,000 bushels, of which the United States contributed sixty-nine per cent. It is obvious, therefore, that with this limitation of market, any enlargement of the surplus wheat product of the United States must inevitably reduce its price at home and abroad.

A free trader on our foreign wheat market.

While much complaint was being indulged in against the railroad companies and agitation throughout all the Western States against them was active, yet in popular discussions little attention was being given to the great benefits which railroad building had conferred upon the whole country and especially upon that portion of it lying west of the Mississippi River. The Statistician and Economist for 1895-96 gives a brief account of the wonderful benefits that railroads have brought to the country by cheapening transportation. It says:

> In the course of the twelve months of 1817, wagons passed the Alleghany Mountains from Philadelphia and Baltimore, each with from four to six horses, carrying from thirty-five to forty hundred weight. The cost of carriage was $7.00 per hundred weight, in some cases as high as $10, to Philadelphia. The

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aggregate sum paid for the conveyance of goods exceeded $1,500,000. To move a ton of freight between Pittsburgh and Philadelphia, therefore, cost not less than $140, and took, probably two weeks' time. In 1886, the average amount received by the Pennsylvania railroad for the carriage of freight was three-quarters of one cent per ton per mile. The distance from Philadelphia to Pittsburgh is 385 miles, so that the ton which cost $140 in 1817, was carried in 1886 for $2.87. At the former time the workingman in Philadelphia had to pay $14 for moving a barrel of flour from Pittsburgh, against twenty-eight cents now. The Pittsburgh consumer paid $7.00 freight upon every 100 pounds of dry goods brought from Philadelphia, which 100 pounds is now hauled in two days at a cost of fourteen cents.

Freight rates greatly reduced.

The cost of carrying a bushel of wheat by lake and canal from Chicago to New York was 25.29 cents in 1857; 26.62 cents in 1865; 22.79 cents in 1868; 12.27 cents in 1880 and 5.85 cents in 1890. By all rail it was 42.06 cents per bushel in 1868; 33.3 cents in 1870; 19.9 cents in 1880 and 14.31 cents in 1890. By lake and rail it was 29 cents in 1868; 15.7 cents in 1880, and 8.50 cents in 1890. For carrying one ton per mile, the average railroad rate for the entire country was 3.06 cents in 1865; in 1880 upon the trunk line roads from New York west, 1.29 cents; and in 1886 it was .998 cents. Mr. H. V. Poor (Poor's Manual) in 1887 said:

> The rate per ton per mile for the roads in the United States for 1865 equalled 3.06 cents, assuming the average rate of all to be that of the thirteen roads taken as representative lines. Had such rate been charged in 1887, the earnings of all from freight would have equalled $1,213,214,727 greater than the amount actually received. . . . An addition of one mill per ton per mile upon the movement of 1887 would have increased the earnings from freight by more than $60,000,000.

Mr. Freeman Otis Willey in his book "The Laborer and the Capitalist," page 226, makes some very interesting and instructive calculations based on the figures given by Mr. Poor. He says:

Railroads enrich the many.

> The difference in the cost of freight in 1865 and in 1887 reached a total of more than $1,200,000,000 in a single year. But let us assume that the average difference since 1865 had been only $500,000,000 per annum. The saving to the people has, therefore, been about $15,000,000,000, a sum larger by 50 per cent than the present wealth of all the railroads in the United States.
>
> What is true of railroads is true of corporations and large aggregations of wealth employed in the multitudinous business enterprises of the country. They are pouring wealth into the pockets of the many and increasing the opportunities of the masses to improve their condition.

The number of tons of freight carried by our railroads not only shows the magnitude of its business but also the domestic trade of the United States. In 1875, we transported on our railroads 190,000,000 tons of freight and in 1887 552,000,000 tons. The value of the freight carried in 1887 was $13,043,250,000. Our total domestic exports that year were valued at only $703,022,923, or 5 per cent of the domestic traffic. The

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marvelous growth in domestic production which was taking place in the United States is further shown by the fact that the value of the freight carried in 1882 was only $8,537,200,000.

Suez Canal and St. Marie.

The entire tonnage through the Suez Canal, says the *American Economist* of June 20, 1890, was about 6,000,000 tons, while the tonnage which passed through St. Marie above Detroit was 7,500,000 tons. The total tonnage carried by way of the Great Lakes was 40,000,000 tons and at the same time the total tonnage of London and Liverpool was only 30,000,000. David Hall Rice in "Protective Philosophy," page 191, says that the saving in domestic commerce by the transportation of wheat flour by railroads was $138,000,000 in 1885, as compared with the cost in 1865. These are only a few of the striking illustrations which might be presented to emphasize the great benefits which were accruing to the people from the improved facilities for transportation. It should be noted, however, that the same forces were operating throughout the entire world. By 1890 the building of railroads in India and the construction of the Suez Canal had greatly facilitated the export of wheat from India to Europe. The entire railroad mileage of the world in 1890 was about 355,000, of which 166,000 was in the United States.

The great underlying forces which were operating throughout the entire civilized world, were not at all taken into account by Mr. Pfeffer's committee. The expansion of railroad and water transportation, the means of communication by electricity and the establishment of post-offices; the accumulation of capital; the establishment of banking facilities; the low rate of interest and the growth of intelligence and the education of the masses, were all important factors in stimulating the activity of the business enterprises of the world.

Potent factors in the world's progress.

The tremendous increase in the steam power of the world which was estimated by the Bureau of Statistics of Berlin in 1887, as "equivalent to that of 200,000,000 horses," representing approximately 1,000,000,000 men, or at least three times the working population of the earth, whose total number of inhabitants was at that time probably about 1,460,000,000; the perfection and use of automatic labor-saving machinery; and the discoveries in chemistry and their application to the industrial arts, were all potent factors in increasing the power of man over the forces of nature.

The most that can be accomplished in this work is to mention briefly some of the principal forces which had been operating throughout the world and especially in the United States, to disturb old conditions, affect the prices of commodities and bring about that state of political unrest in the United States which resulted in the triumph of the Democratic party in 1892 and the overthrow of the policy of protection. The causes which brought into existence the populist party and made the success of the free trade party possible, were in no sense due to the tariff policy of the

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United States. They were fundamental and the result of that industrial evolution which had been progressing throughout the civilized world. Moreover there were the special economic changes above noted, operating in the United States which were apparent to those injuriously affected; the most important of which was the decline in the prices of farm products; although the decline in the prices of manufactured articles and raw materials had been much greater. At the same time, the wages of labor were being maintained at the high rates which they reached during the civil war, augmented by material increases since that time.

The Democratic Party.

The free trader busy.

The conditions above mentioned furnished a fruitful field for the advocates of free trade. The decline in the prices of grain and provisions and the rise of the great packing and milling companies, were all attributed to the protective system, although the organization of industries and the conduct of business enterprises by large aggregations of capital were progressing in England and continental Europe the same as in America. The decline in land values and the depression in agriculture in the Eastern and New England States, were laid to the baneful influences of our tariff policy. The free traders argued that a reduction of protective duties would not injure industries and labor but would result in better prices, more steady employment and higher wages. We were to feed the multitudes of Europe with our grain and provisions and capture the markets of the world with our manufactures.

Thp Republican Party.

The Republican leaders understood the true conditions.

The great leaders of the Republican party comprehended every phase of the situation. They understood the great economic forces which were operating to effect the changes of which the Populists and Democrats complained. In the light of events their wisdom and statesmanship have been fully vindicated. They judged the future by the past experience of the American people. They fully realized that it would take some time for the Eastern farmers to readjust their production to the changed conditions which had arisen; that their hope lay in the preservation and extension of the industries of the country; that by a more intense cultivation of the soil, improving the breeds of their cattle and by giving more of their attention to dairying, truck farming, poultry and eggs, fruits and vegetables, agriculture in the East must soon revive. These leaders also understood full well that the market abroad for farm products was so limited that the prosperity of American agriculture depended upon a protected and enlarged home market; hence they advocated

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the development of our native resources and a further extension of our system of manufacturing, contending that this would give full employment to our labor and increase the great home market for the produce of the farm; and that when the agriculturalists of the country became prosperous and independent, their increased purchases of the produce of the American factories would be worth ten fold more to American manufacturers and business men than any part of the markets of the world that might possibly be acquired. Under this policy a united people would be working in harmony to make the earth give up its treasures, to develop all our native resources and make full use of the ability, industry and genius of all. By this course, the country would reach a higher state of industrial civilization, and, here within its own borders, finally consummate that for which all were struggling, the prosperity and happiness of the entire people. On the other hand, the tariff reformers proposed that we diminish the product of our own factories; employ artisans in foreign fields and factories and compel hundreds of thousands or even millions of our industrious artisans to take to farming and thus increase the competition from which the American farmers were already suffering.

What tariff reformers proposed.

It had been demonstrated that the production of our own raw materials was quite as beneficial to the nation as any other branch of industry; that our home market was the greatest and most reliable of any; that, in fact, in all the processes of production and distribution from the first to the last, until the product reached the consumer, nearly the entire cost was paid to labor; so that the greater the magnitude of our domestic production the more fully labor would be employed and the greater would be the prosperity of all.

It had been a common contention of free traders during the agitation on this question, that they desired to secure to our manufacturers free raw materials, in order that the latter might thereby manufacture at a lower cost and so be better able to compete with foreign producers in the markets of the world. That this claim is a sham is perfectly apparent. The agents of the Cobden Club were not sent to the United States to aid in enabling our manufacturers to compete in the markets of the world with British producers.

The free raw material sham.

It has been the policy of the protectionists to place on the free list every article of raw material the like of which cannot be produced at home. They also regard our mining and agricultural interests as productive industries entitled to the same consideration under the policy of protection as any other. Manufacturers have been given free raw silk, rubber, hides, chemicals and dyestuffs, which are not produced here; and, by the Act of 1883, any citizen who desired to manufacture for export could import raw materials for that purpose at a duty of 10 per cent, which was reduced by the rebate provision of the McKinley bill to 1 per cent. Under

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these conditions we have a right to say that no valid basis exists for the free raw material claim so persistently urged by Mr. Cleveland.

But what are raw materials? When the free trader speaks of free raw materials he is using a deceptive term unless he qualifies it as he always fails to do. Iron ore and coal at the mill are not raw materials. Wool is not raw material, cotton is not raw material. They are the embodiment of human labor. For the sake of a convenient expression, however, we use the term "raw material," meaning the material which forms the basis of an industry. The term is relative. Henry C. Carey in his manual of Social Science said:

> All the products of the earth are in turn finished commodity and raw material. Coal and ore are the finished commodity of the miner, but the raw material of pig iron. The latter is the finished commodity of the smelter, yet only the raw material of the puddler, and of him who rolls the bar. The bar is again the raw material of sheet iron, and that, in turn, becomes the raw material of the nail and the spike.

Some writers use the term as applying to such crude materials as have gone through no process of manufacture whatever, but it would be difficult to draw the line. It matters not what we call raw material so long as we bear in mind the labor that has been expended on it. The daily paper that costs but one cent may be raw material for the mill that converts it into other grades for further use, yet millions of dollars and years of labor have been spent in its preparation.

Fallacy of the free trade argument in regard to free raw materials.

Knowing full well that the American people would not adopt free trade at one stroke the cunning free trader proposes to start with free "raw material," leading up to a gradual extermination of all industries. This he freely admits. The value of our total products of manufactures in 1890 as given by the census was about $9,000,000,000, the value of material used $5,000,000,000. The "raw material" then was worth more before the last process of manufacture than it gained in becoming the last finished product. Supposing for the moment then, that the free trader were willing to stop with free so-called raw materials, more than one-half of our industries would close, more than one-half of our workmen would be thrown out of employment, more than one-half of our wages would be lost. By reducing the wages of the less than one-half of employees that remained, we might sell a few things in Europe, Asia and Africa. We could not sell to England or Germany or France or Russia or Italy or Spain, or to any of the countries which manufacture for themselves. We could not sell in other markets unless we reduced wages to less than those paid by countries now selling in these markets. The real fact is we would simply become a bankrupt nation at the mercy of any power which thought it worth the while to absorb us. The whole thing is an absurdity, a bubble of the utmost transparency. Every blow at any manufacture whether it be coal that gives employment

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to the miner or the rail that keeps the puddler at work, whether it be wool that adds to the farmer's income or the cloth that gives work to the tailor, is a direct blow to labor and the laborer. While the census value of so-called raw material is but a little more than half the value of the finished product it will hardly be disputed that at least three persons are engaged in producing the so-called raw material to one engaged in producing the last finished product. Even if it were a benefit to import this so-called raw material free of duty *per se* it is contrary to sound economic doctrine, it is contrary to common sense, to throw three men out of employment to benefit one even were the one to be benefited. With the markets of the world hardly worth the taking into account in comparison with our own which consumes not only all we can produce in times of prosperity, but millions of dollars' worth of foreign productions as well, and with three-fourths of this market made powerless to purchase, how long would the one-quarter of our people engaged in the last manufacture have employment? It is a physical, natural and economical impossibility for our twenty millions of workmen all to be engaged in making the last finished product. Suppose our 10,000,000 farmers could leave their farms and make plows, who would use the plows? Suppose a million miners could leave the mines and make picks and shovels, who would use the picks and shovels? The whole framework here falls to the ground.

But to take another phase of the free traders' argument. We are told that the raw materials (here the word is used in the strict sense as meaning coal and ore and wool and cotton) are dearer than if we imported them free. They may be or they may not be. Suppose they are, what does it matter?

Take a locomotive worth $20,000. How much was the raw material, strictly speaking, worth? $200 perhaps. The $20,000 is all labor and ability. How much is a pound of flaxseed worth? A few cents. It is put into the ground, the harvested thread is made into cambrics, laces and embroideries, some of which are worth $100,000 a ton. Take a telescope worth thousands of dollars or a printing press worth the same amount, or an ocean steamship worth $2,000,000: how much did the raw material cost? Comparatively little. They are simply monuments of labor and genius, and the highest genius and best paid labor on earth is found in our country and a protective tariff has created, fostered and maintained them.

Protection is not partial legislation, it is complete. We do not protect our heads and let the rest of our bodies go bare. There would soon be no body for the head to rest on. Every member from head to foot must have equal care and so must every member of our industrial body. All are interdependent. The interests of the miner should be of equal concern with those of the skilled artisan. The farm hand is as important to our industral life as the mill hand. The question then of free "raw material" is a question of labor and wages, a question solely of industrial life or death.

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Free raw materials have not increased our exports of manufactured goods.

If, however, there were in any instance any advantage in importing materials that enter into the making of a finished product, if by so doing any manufacturer could sell that product in a foreign market in competition with foreign manufacturers, then he may do so to his heart's content, for he can even now import that material free of duty save one per cent of its cost. But we have free raw materials without importing them. Have we gained the markets of the world with the last finished product? Cotton is free. Hides are free. Silk is free. Rubber is free. How does the balance of trade stand in the manufactured articles? The following table will show:

RAW MATERIALS, DUTY FREE.	Importation of Manufactured Goods, 1890.	Exportation of Manufactured Goods, 1890.
Cotton,	$32,012,359	$11,113,431
Hides,	12,563,183	12,275,470
Paper stock,	2,898,448	1,239,420
Silk,	41,085,990	65,011
Total,	$89,459,980	$24,693,332

It will be seen that we import more than three times as much as we export of the manufactured products from these free "raw materials."

Our exports of cotton goods, boots, shoes and leather in 1860 amounted to $12,391,630, or 37½ cents per capita. In 1880 they amounted to $16,653,080, or 33 cents per capita. In 1890, to $21,331,495, or 34 cents per capita. Wherein are we capturing the markets of the world with "free raw material?" The whole theory is a free trade delusion, an economic fallacy, a practical failure; there is not a particle of benefit to be derived, there is nothing but loss of labor, loss of wages, loss of manhood, loss of life. The contention is a deception and humbug, because the ultimate purpose is to withdraw protection from the finished product as well and subject it to ruinous competition under free trade. The desire is no stronger for free wool than it is for free woolen goods.

The chief contention of the free traders of to-day in the United States is that so-called free raw material will give us increased foreign markets. We have had free wool for a year, with the result that we are not only losing foreign markets, but losing our own as well.

It will be instructive in this connection to see just what value foreign markets would have for us if we could gain them to the exclusion of every competitor. The total imports of all other countries besides our own in 1888, as gathered from the latest or most reliable statistics available, amounted to $7,569,000,000. This sum represents the total markets of the world—Europe, Asia, Africa, North and South America, Australia, and all the islands of the sea. The

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following figures will show the value of our own market to our producers in 1890:

American manufactures,	$9,054,435,337
American farm products, at least	7,000,000,000
Foreign goods,	789,310,409
Total,	$16,843,745,746
We exported of all products,	845,293,828
American market,	$15,998,451,918
Foreign markets,	7,569,000,000
American over all available foreign markets,	$8,429,451,918

Little hope of gaining foreign markets.

It will be seen that the American market is worth more than twice as much to us as all foreign markets combined, even if we could possess them exclusively. It would be the height of folly, then, to sacrifice our home market to gain the foreign. But can we gain any more of the foreign market than we now possess? Surely we have gained nothing so far under a year of free trade. On the contrary, we have lost to the extent of over $200,000,000. We can look for no increased sales of manufactures to Great Britain, "the workshop of the world," where the cost of production is but little more than half of ours, and as for increased sales of agricultural products a study of Table No. 9, on pages 232-3, will show the growing competition our farmers are now having from all parts of the world. Although the table has been confined to English imports of agricultural products a similar exhibit could be made for France and Germany. It will be seen to what extent our exports of wheat and corn to England have fallen off, while her purchases from Russia and the Argentine Republic have increased. The following table will show the competition of wheat in recent years:

ENGLISH IMPORTS OF WHEAT—QUANTITIES.

FROM	1892. Bushels.	1893. Bushels.	1894. Bushels.
Russia,	8,144,240	18,782,377	31,412,560
Germany,	1,131,692	675,893	1,334,746
United States,	63,255,251	60,223,982	46,028,723
Argentine Republic,	6,470,045	14,645,095	24,774,683
Australasia,	3,764,779	4,833,897	7,237,846

France grew more of her own wheat supply in 1894 than in 1892, buying 25,000,000 bushels less from the United States and more from Russia and the Argentine Republic.

Germany bought 12,000,000 bushels less from the United States in 1894 than in 1892 but bought considerably more from Roumania, Russia, and the Argentine Republic, her purchases from the latter country increasing by about the same quantity as her purchases from the United States

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Benj Harrison

"I BELIEVE THAT THE PROTECTIVE SYSTEM, WHICH HAS NOW FOR MORE THAN THIRTY YEARS CONTINUOUSLY PREVAILED IN OUR LEGISLATION, HAS BEEN A MIGHTY INSTRUMENT FOR THE DEVELOPMENT OF OUR NATIONAL WEALTH, AND A MOST POWERFUL AGENCY IN PROTECTING THE HOMES OF OUR WORKINGMEN FROM THE INVASION OF WANT."

BENJAMIN HARRISON (*Last message to Congress*).

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decreased. France and Germany too are competing successfully with England in manufactures as are other countries. This has been proven conclusively in preceding pages. We cannot then hope to sell to countries whose own productions are increasing, whose wages are less, and hours of labor longer.

Go where we will under present conditions there is no market to gain on the face of the globe. Other nations are not only producing for themselves, but are also looking for foreign markets, and particularly for a portion of the greatest market on earth, the American market. This market has been created and built up under protection and can be retained only by a continuance of protection. Already in a single year of partial free trade we had lost over $100,000,000 of it, which was gained by foreign producers. If we had gained foreign markets to the extent of our loss it would not have been so great a sacrifice, but we lost $200,000,000 worth of foreign markets while losing $100,000,000 of our own.

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In the words of Lord Salisbury in a speech made in Hastings, England, in May, 1892:

The struggle for markets.

> We live in an age of a war of tariffs. Every nation is trying how it can, by agreement with its neighbor, get the greatest possible protection for its own industries, and at the same time the greatest possible access to the markets of its neighbors. The weapon with which they all fight is admission to their own markets—that is to say, A says to B, "If you will make your duties such that I can sell in your markets, I will make my duties such that you can sell in my market." But we begin by saying we will levy no duties on anybody, and we declare that it would be contrary and disloyal to the glorious and sacred doctrine of free trade to levy any duty on anybody for the sake of what we can get by it. It may be noble, but it is not business. On those terms you will get nothing, and I am sorry to have to tell you that you are practically getting nothing.

And yet this is precisely what our free traders would do. They would take our only weapon and put us at a disadvantage with all the world. A disadvantage that cannot be overcome except in one way: by reducing our wages to the level of our competitors. Even that would not gain for us the foreign markets so much sought after. It would only enable us to hold our own. It is a most serious matter to contemplate, and it concerns the wage-earner and farmer far more than the manufacturer. The question of a home market is of paramount importance to the American agriculturist. He can find no increased market abroad. The world has been searched in vain. He must therefore depend on the home market, and to be of value that market must be maintained by American wages. But President Cleveland and other free traders had raised a doubt of the worth of our home market by asserting that we have already shown a capacity for producing far more than there is a home demand for. It is not difficult to ascertain the truth about the matter. We have but to go back to the year 1892, the year of greatest production the

Great extent of the home market.

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TABLE

Table Showing Imports of Agricultural Products

Compiled from "Annual Statement of

Marginal Number.	Articles.	United States.	Denmark, Sweden and Portugal.	Holland.	Germany.	France.
		1894.	1894.	1894.	1894.	1894.
1	Number of oxen, bulls, cows and calves,	391,932	. . . . .	. . . . .	. . . . .	. . . . .
2	Number of sheep and lambs,	198,138	65,439	. . . . .	. . . . .	. . . . .
3	Number of horses,	4,843	1,802	1,129	4,685	. . . . .
4	Wheat, bu.,	46,028,723	. . . . .	. . . . .	1,334,746	. . . . .
5	Barley, bu.,	3,534,419	. . . . .	. . . . .	1,973,832	. . . . .
6	Oats, bu.,	124,315	2,771,120	665,590	2,001,312	. . . . .
7	Corn, bu.,	19,142,124	. . . . .	. . . . .	381,582	. . . . .
8	Rye, bu.,	32,760	. . . . .	. . . . .	98,134	. . . . .
9	Apples, bu.,	1,441,657	64,567	504,740	50,492	. . . . .
10	Potatoes, bu.,	. . . . .	162,535	451,901	154,045	1,493,305
11	Onions, bu.,	17,767	283,671	1,088,610	227,175	697,620
12	Wheat flour, corn meal, etc., lbs.,	1,814,667,274	. . . . .	. . . . .	27,825,840	57,882,496
13	Buckwheat, lbs.,	. . . . .	. . . . .	2,146,032	. . . . .	8,711,248
14	Beans and peas, lbs.,	42,683,312	24,038,000	10,463,152	47,827,696	. . . . .
15	Rice, lbs.,	390,432	369,928	40,688,704	27,557,184	. . . . .
16	Bacon and hams, lbs.,	407,284,976	94,209,248	2,650,592	. . . . .	. . . . .
17	Beef, fresh and salted, lbs.,	225,193,496	. . . . .	. . . . .	68,656	. . . . .
18	Meat, fresh, salted and preserved, lbs.,	37,513,372	2,045,456	34,641,600	785,909	926,464
19	Pork, fresh and salted, lbs.,	17,306,802	7,298,596	15,171,632	. . . . .	1,026,304
20	Butter, lbs.,	3,359,550	153,305,488	18,497,584	15,428,560	17,560,240
21	Oleomargarine, lbs.,	6,352,774	. . . . .	120,008,224	2,246,944	4,921,952
22	Cheese, lbs,	75,302,864	. . . . .	33,453,616	858,704	5,932,528
23	Eggs, doz.,	677,096	12,321,111	308,840	31,371,088	22,778,551
24	Lard and artificial lard, lbs,	159,168,694	101,360	592,480	. . . . .	. . . . .
25	Honey, lbs.,	679,056	. . . . .	. . . . .	107,520	104,048
26	Oranges and lemons, bu.,	92,482	177,632	. . . . .	. . . . .	21,756
27	Fruit, cherries, plums, etc., bu.,	50,215	75,597	585,322	353,510	1,092,735
28	Fruit, dried, raw and preserved, lbs.,	7,809,046	265,516	. . . . .	. . . . .	4,113,164
29	Pickles and vegetables, preserved, gals.,	113,911	. . . . .	1,172,990	25,152	568,356
30	Succades, fruits preserved, lbs.,	1,508,976	145,040	151,424	99,904	2,665,264
31	Vinegar, gals.,	. . . . .	. . . . .	49,473	3,979	68,877
32	Sauces and condiments, lbs,	176,935	. . . . .	. . . . .	1,470,972	292,705
33	Milk, condensed and preserved, lbs.,	186,100	. . . . .	19,271,100	637,800	25,737,500
34	Sugar, unrefined, lbs.,	2,375,072	7,441,168	20,064,688	564,863,376	120,537,872
35	Sugar, refined, lbs.,	1,681,680	. . . . .	213,785,152	962,692,528	330,758,736
36	Sugar, glucose, solid and liquid, lbs.,	104,980,848	. . . . .	544,922	11,118,576	2,296,448
37	Sugar, molasses, lbs.,	82,136,432	. . . . .	. . . . .	2,240,224	. . . . .
38	Tallow and stearine, lbs.,	20,370,448	. . . . .	1,663,312	4,535,776	3,952,480
39	Hops, lbs.,	12,289,872	. . . . .	2,930,638	1,349,936	669,760
40	Hay, tons,	152,423	5,042	13,540	1,899	6,206
41	Seeds, lbs.,	29,523,243	318,976	5,898,232	9,162,966	12,479,796
42	Cotton, raw, lbs.,	1,393,089,040	1,022,560	249,872	390,544	479,136
43	Wool, lbs.,	579,298	4,052,511	968,052	2,128,786	17,627,660
44	Hemp, lbs.,	6,050,240	. . . . .	. . . . .	21,521,920	358,400
45	Hides, lbs,	8,310,400	2,473,744	5,914,832	7,847,952	8,583,344
46	Feathers, lbs.,	309,231	98,000	218,252	806,139	1,062,398

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No. 9.

into the United Kingdom for the Year 1894.

the Trade of the United Kingdom."

British North America and British East Indies.	Russia.	Belgium.	Argentine Republic, Australasia, Italy and Egypt.	All Others.	Total.	United States Per Cent of Total.	United States Per Cent of Total.	Marginal Number.
1894.	1894.	1894.	1894.	1894.	1894.	1885.	1894.	
82,323	. . . . .	. . . . .	. . . . .	11,185	485,440	36.9	80.7	1
135,622	. . . . .	. . . . .	. . . . .	85,398	484,597	1.6	40.9	2
5,424	. . . . .	. . . . .	. . . . .	4,983	22,866	1.8	21.2	3
15,264,798	31,412,560	. . . . .	32,011,661	4,947,383	130,999,871	39.5	35.1	4
. . . . .	45,391,133	. . . . .	. . . . .	22,541,648	73,441,032	.9	4.8	5
252,909	38,927,831	. . . . .	1,229,590	837,411	46,810,078	11.1	.3	6
1,558,990	17,296,892	. . . . .	1,067,388	31,283,110	70,730,086	61.9	27.1	7
52,866	1,619,998	. . . . .	. . . . .	214,694	2,018,452	. . . . .	.2	8
1,081,859	. . . . .	. . . . .	. . . . .	1,825,654	4,968,969	56.5	29.0	9
1,899,236	. . . . .	158,893	. . . . .	186,421	4,506,336	. . . . .	. . . . .	10
. . . . .	. . . . .	266,099	1,400,793	1,316,777	5,298,512	. . . . .	.3	11
141,460,816	8,607,088	. . . . .	28,061,264	147,044,486	2,225,549,264	72.7	81.5	12
135,968	3,639,216	. . . . .	. . . . .	475,552	15,108,016	. . . . .	. . . . .	13
109,011,856	65,214,016	. . . . .	375,246,480	169,067,504	843,552,016	9.1	5.1	14
443,140,616	. . . . .	1,369,536	596,176	67,822,732	581,935,308	. . . . .	.07	15
34,162,128	1,109,024	. . . . .	. . . . .	355,488	539,771,456	80.0	75.5	16
305,648	. . . . .	. . . . .	35,174,704	2,155,696	262,898,200	95.1	85.7	17
552,160	. . . . .	4,658,304	255,938,401	5,566,512	342,628,178	26.2	10.9	18
862,624	. . . . .	3,425,520	236,768	70,784	45,399,030	58.1	38.1	19
194,656	8,870,512	4,253,424	32,815,108	4,096,400	258,381,522	2.4	1.3	20
. . . . .	. . . . .	182,448	135,520	1,257,536	135,105,398	. . . . .	4.7	21
127,915,648	. . . . .	4,025,952	6,090,000	228,928	253,808,240	46.1	29.6	22
2,376,304	12,786,284	27,578,535	. . . . .	653,893	110,851,702	. . . . .	.6	23
2,112,768	. . . . .	116,144	. . . . .	139,440	162,230,886	91.9	98.1	24
. . . . .	. . . . .	. . . . .	199,920	1,265,376	2,355,920	. . . . .	28.8	25
. . . . .	. . . . .	. . . . .	1,705,791	5,885,333	7,882,994	.1	1.2	26
2,496,866	. . . . .	915,768	10,152	1,448,812	4,532,111	. . . . .	1.1	27
. . . . .	. . . . .	. . . . .	26,764,225	44,693,130	86,141,947	6.1	9.1	28
5,048,844	. . . . .	35,098	58,070	5,790	1,979,367	. . . . .	5.8	29
. . . . .	. . . . .	143,248	820,176	4,057,648	14,640,524	4.9	10.3	30
926,043	. . . . .	90,984	. . . . .	2,539	215,852	. . . . .	. . . . .	31
. . . . .	. . . . .	. . . . .	266,689	2,113,870	5,247,214	. . . . .	3.4	32
141,961,120	34,698,496	3,217,700	109,300	3,787,000	52,946,500	. . . . .	3.0	33
. . . . .	14,572,656	79,901,136	35,826,672	554,379,444	1,562,049,044	.2	.2	34
. . . . .	. . . . .	37,799,888	. . . . .	526,064	1,561,816,704	42.8	.1	35
1,914,864	. . . . .	11,424	. . . . .	. . . . .	118,952,288	3.6	88.3	36
. . . . .	. . . . .	. . . . .	. . . . .	9,298,016	95,589,536	76.4	85.9	37
. . . . .	. . . . .	3,585,792	167,266,512	4,435,424	205,809,744	24.4	9.9	38
29,729	. . . . .	3,765,664	. . . . .	179,760	21,185,630	39.9	58.0	39
52,731,284	28,882	3,887	. . . . .	12,666	254,214	. . . . .	59.9	40
54,371,072	12,177,312	2,112,220	722,977,854	140,876,075	988,257,958	1.9	3.0	41
42,394,599	1,103,312	634,592	256,488,960	80,287,424	1,788,116,512	79.9	77.9	42
15,130,000	7,398,544	6,511,236	513,321,008	131,523,371	726,505,065	.1	.08	43
23,674,960	21,313,600	. . . . .	24,091,200	114,132,480	202,597,840	5.9	3.0	44
60,747	689,696	13,604,976	21,726,880	22,585,584	115,412,368	2.6	7.2	45
. . . . .	. . . . .	4,197	11,538	1,289,096	3,871,015	4.6	7.2	46

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United States has ever known. In that year every manufacturing establishment in the country was running at full time, and many night and day. Not a cotton mill was idle. New ones were built, and old ones extended, and yet we could not supply our own wants, but bought $30,000,000 worth of cotton goods abroad. The year was the most prosperous the woolen industry has ever known, and yet we had to buy $38,000,000 worth of woolen goods abroad. Our silk mills worked to their full capacity, and yet besides the home production we bought $33,500,000 worth from Europe and Asia. Our iron furnaces were in continuous operation, yet we used not only our own product, but bought $33,000,000 worth of the product of foreign mills.

The home market.

Our leather establishments produced the largest amount of goods in their history, yet we went abroad and purchased $14,000,000 worth more. Our glass and glassware factories never knew a greater output, yet it was not equal to the demand, and $8,500,000 worth was bought abroad; and so we might go through a list of hundreds of articles including woodenware, earthenware and pottery, chemicals, paper, tin, clocks and watches, furs, garments, etc., till we found that in 1892, the year when our mills were worked as they had never been worked before, they were not able to supply the demand, and we bought nearly $400,000,000 worth abroad. To be sure some of the products of our mills in 1892 went abroad. We exported $158,000,000 worth of manufactured products, but much of this was oils and flour, leaving considerably less than $100,000,000 worth of factory products. So that we bought nearly $300,000,000 worth of manufactures in addition to what we made.

Had the McKinley bill remained in force till now we should no doubt be able, nearly or quite, to supply our wants. The new and extended mills would have taken men from the farms, and labor would have been so adjusted as to give the greatest advantage to all. The increased number of mill hands would have given the farmer a greater and better market, and he would not have to consider as a competitor, the wheat grower of Russia or the Argentine Republic. More of our cotton would have been consumed at home to the triple advantage of planter and manufacturer and consumer of the fabric. Our sheep would have increased in number, and a ready market for our wool been found in the increased production of our mills. The increased transportation for cotton and cotton goods, for wool and woolen goods, would have resulted in increased railroad facilities, creating a demand for rails and other iron products, which in time would give added employment to the miner. And so we might go through the interminable network of our interdependent industries, showing how each strengthens the other, how each added fabric of the factory makes a demand for the product of the farm, the latter in turn demanding increased employment at the mill and mine.

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After the dismal failure of "tariff reform," of which we are now having experience, it is scarcely necessary to pursue the subject further. The free traders have proven themselves to be the most incompetent and unreliable body that has been entrusted with power since the government was formed. Lacking the capacity to govern, incapable of comprehending the needs and wants of the people, and unwilling to take advice from the leaders of the Republican party, who have afforded them the greatest lessons in statesmanship to be found in recent history, their public career will be short.

Comparative wages in the United States and foreign countries—Glass.

There are, however, several propositions which have been urged with such persistency that their consideration will not be out of order. They assert that notwithstanding the fact that wage-earners of the United States receive much higher wages than those paid in the old world, manufacturing can be carried on more cheaply here than there. This assertion is contrary to the opinions of experienced manufacturers, not only in the United States, but in Great Britain and Europe.

Hon. Joseph D. Weeks, of Pittsburg, Pa., an experienced statistician, shows that the cost of making a box of fifty feet of window glass is $1.08 in Belgium, and $1.96 in the United States. Mr. E. H. Hitchcock, of St. Louis, Mo., after showing that the Belgians work longer hours and for much lower wages in making plate glass, said: "In Europe the founder turns 2600 feet against the American 2000 feet; there is a difference of over 30 per cent right there. Take the men who cast glass. The day's work for this gang is forty-eight pots abroad, while in this country a corresponding gang casts twenty pots as a day's work." [1]

Cutlery.

Mr. Thomas W. Bradley, of Walden, Orange County, N. Y., one of the most experienced knife manufacturers in the United States, gave the following evidence before the Ways and Means Committee upon the relative cost of pocket cutlery.[2]

Mr. Bradley: It does not relate at all to edge tools, as that is utterly impossible. I wish to impress upon the committee this fact in regard to what we ask. It is impossible for us to enhance the value of cutlery to consumers. This exhibit practically illustrates it (showing knife). This is a one-bladed, three-and-a-quarter knife. That knife cost a little over $1.00 per dozen to make—call it $1.00 for illustration. The labor cost of that is a fraction over seventy-nine cents—call it eighty cents for illustration. The material cost twenty cents. In Germany the labor for making that knife would be a little less than one reich-mark.

Mr. Breckinridge: How much is it of our money?

Mr. Bradley: About twenty-two cents. Adding the cost of material, twenty cents, and the duty, it would make it about sixty cents, which would require a duty of 141½ per cent, on that knife in regard to the labor item alone.

George C. Hatch, of Bridgeport, Conn., said: "I have figured the total cost of labor in Germany and here, and as near as I can figure it,

[1] Tariff Hearing, 1893, p. 229. [2] Id., 1889–90, p. 75.

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it stands, Germany fifty-eight cents, as against $1.66 here on a single dozen knives." [1]

W. O. Whitcomb, of Derby, Conn., who withdrew from a concern in England and started a similar business here, in speaking of the cost of metallic bedsteads, said: "The wages we are paying our men will average $2.00, $3.00 and $4.00 per day. They work on piece work, and the same men (on the other side) would get from $4.50, $5.00 and $6.00 a week. They do not do any more work here than on the other side." [2]

As to the costs of cotton yarns, Arnold P. Sanford, of Fall River, Mass., said:

Textile manufactures.

As an illustration of the higher cost of labor we have in our midst in Fall River a new industry, which has recently been located there for the manufacture of spool cotton. I refer to the Kerr Thread Company. In an interview with their superintendent who has worked for over twenty-five years in English cotton spinning mills, and also their secretary, who has had a large experience, they informed me that the labor in the American mills costs them fully 60 per cent more than the same labor would cost the same mill in England. Their superintendent further informed me that the efficiency of the English laborer as compared to the American, in his opinion, was superior. And he said, emphatically, that the employees in his American mills could not do any more labor than the employees of his mills that he had run in England. In fact, the English employees if anything, excelled them in efficiency and superiority of work, so that so far as regards our industry the laborers in our American mills cannot perform any more work than those in similar mills in England.[3]

As to hosiery and underwear Owen Osborn said: "The cost of making hose in Germany as compared to this country, is as one mark to $1.00, and the efficiency of labor is the same in both countries." [4]

"The cost of dressing a ton of flax," says John Wilson, of Newark, N. J., "is $66.66 here, while the cost in Great Britain is $36.66, which is the highest wages paid abroad." [5]

With reference to woolen goods, Charles H. Clark, of Philadelphia, Pa., said:

A man engaged in the knitting industry in Philadelphia who has just returned from Chemnitz, one of the greatest industrial towns on the Continent, told me the other day that a person who gets $2.50 and $3 00 a day in a knitting mill in Philadelphia gets $2.50 and $3.00 a week in Chemnitz, and that a little girl that gets seventy-five cents a day gets seventy-five cents a week in Chemnitz, and that there they work eleven hours a day, whereas we work ten hours. I should think that the productive results of labor would be a little more perhaps in Chemnitz as they work eleven hours where we work ten hours, and sometimes work on Sundays. Our mills in Philadelphia have a great many Europeans in them, and those Europeans, I think, with the same machinery will do about the same amount of work as the Americans, and they earn just the same wages.[6]

[1] Tariff Hearing, 1893, p. 420. [2] Id., p. 471. [3] Id., p. 699. [4] Id., p. 753. [5] Id., p. 808. [6] Id., p. 946.

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"If you will take the gross of buttons made in Bohemia," said A. C. Raymond, of Detroit, Mich., "and sell it in America, for say, the actual cost of seventy-nine kr. per gross, you could sell it in America for about thirty-two cents and take the thirty-two cents of the United States money, exchange it for Austrian money, and you will get more than seventy-nine kr. of Austrian money, so you will see that the Austrian or Bohemian manufacturer can sell his buttons in America for less than half what the buttons cost to make here, and still he will make a profit." [1]

Leopold Moritz, of Philadelphia, Pa., said: "Bone buttons were imported in 1889 for less than we paid in wages to make them. The labor paid for a great gross was ninety cents. Similar foreign buttons cost about eighty-five cents to land here." [2]

Philip Hagan, of Youngstown, O., in speaking of bar and wrought iron, said:

I wish to tell you the difference between the puddlers in England, when I worked there, and the prices now. I went to work for ten hours a day for twenty cents. When I advanced to the position of boiler in a furnace I received 5*s*. per day. It was 6*s*. and 6*d*. in 1869. I received there for puddling $1.20 or 5*s*. for 3000 weight; and here I receive $3.80 for 2750 weight. That is the present price. Wages in Belgium are about seventy-five cents a day. We start on Monday morning and stop the furnace on Saturday night to clean it; but in Belgium they never stop as long as the furnace holds out.[3]

Impossibility of successful competition.

The foregoing are taken from the evidence of experienced manufacturers, given before recent hearings of the Ways and Means Committee of Congress. By the adoption of free trade we should be thrown into competition with the 38,000,000 of the United Kingdom and nearly 300,000,000 of Europe, whose artisans, after centuries of training, have been born and bred to every productive handicraft and attained a high degree of skill, taste and ingenuity in every department of manufacturing, and who are using the very best machinery, the most perfect devices and all of the modern appliances. It is a well-known fact that during the past thirty years European manufacturers have thrown aside their old machinery, refitted and equipped their plants with the most perfect machinery in the world and that they have no lack of capital at their command. With production carried on under these conditions, with efficient and skilled artisans obtainable at one-half the labor cost of those in the United States, it is utter nonsense for free trade politicians and theoretical writers to attempt to impose upon the American people by claiming that under these circumstances goods can be made cheaper in America than abroad.

An examination of the evidence of British manufacturers given before the Royal Commission on Depression of Trade and Industry, quoted in preceding chapters, shows that the chief complaint in England against the Continent is because of the longer hours and lower wages which prevail there. It is fully demonstrated that the "superior

[1] Tariff Hearing, 1893, p. 1096. [2] Id., p. 1119. [3] Id., p. 341.

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efficiency'' of British artisans has not saved Great Britain from an inundation of Continental goods. If the Continent is able to supplant and destroy industries in Great Britain as it is certainly doing, with lower wages and longer hours, how then would it be possible for the United States to withstand the combined Continental and British competition when the wages paid to its artisans are still higher than those paid in the United Kingdom?

Comparative labor cost.

The percentage of labor cost of commodities in the United States is often compared with the percentage of labor cost of similar commodities in the old world, for the purpose of making it appear that notwithstanding the fact that our wage rate per week is much higher, still the labor cost is no greater than in Europe and England. To illustrate this fallacy let us assume that it costs $1.00 to produce a particular article in the United States, and that the labor cost in the last finishing process is 50 per cent, or fifty cents, and that the same article can be produced in England for one-half the sum, or fifty cents, the labor cost there of the last finished process being also 50 per cent of the total cost, which would be twenty-five cents. Hence it follows that the percentage may be the same in both countries and the labor cost still be twice as great in the United States as in England. The fallacy of this oft-repeated error consists in a failure to estimate the percentage of labor cost in the two countries upon a common basis of production. In speaking of the attempt to make such comparisons based upon the percentage of labor cost in the final process of manufacturing the Hon. Carroll D. Wright said: "There can be no comparison made as between the labor cost of articles in one country and the labor cost in another, and the attempt should not be made."

The fact brought out concerning relative labor cost might be illustrated by authorities bearing on the whole field of our productive industries. It is true of cotton goods, woolen goods, productions of iron and steel, as well as every other. Indisputable evidence shows that the high wage rate enjoyed by American over foreign labor extends to all competing industries.

Relative shares of labor and capital.

The next question, however, which arises, is the relative proportion or share of our products which goes to labor and capital respectively. Senator Roger Q. Mills, in his speech on the Wilson bill, said:

> While on the subject, I want some one to explain to me, if this tax is for the laborer's benefit and not for the manufacturer's, how is it that the laborer never gets the benefit of any of it? How is it that the bounty voted by Congress never gets further than the mouth of the manufacturer? How is it that the tariff puts a tax of $13.44 on every ton of steel rails, and yet the laborer gets less than $3. For every ton of pig iron Congress votes to the laborer $6.72, but he never gets more than $1.50. For every $100 worth of cutlery the tariff is $80, but he only gets $44.

As against such bold and misleading assertions we have abundant proof to show that about 90 per cent of the cost of every commodity goes to reward the labor which produced it.

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Upon this proposition we have the advantage of an official investigation recently conducted by the Hon. Carroll D. Wright, with the assistance of able statisticians, reported in the sixth and seventh annual reports of the Department of Labor, covering 118 separate industries and showing the relative labor cost in a great many commodities. The following figures compiled from the sixth annual report of the Commission of Labor, shows that in the production of one ton of pig-iron over 90 per cent of the cost is labor:

AVERAGE COST OF ONE TON (2000 POUNDS) BITUMINOUS COAL IN NINETY-NINE ESTABLISHMENTS IN THE UNITED STATES.

	Total Cost.	Total Labor Cost.
Labor direct,	$0.933	$0.933
Officials and clerks (labor),	.042	.042
Timber (90 per cent labor),	.026	.0234
Other supplies and repairs (90 per cent labor),	.050	.45
Taxes,	.007	
	$1.058	$1.0434
To which should be added interest, insurance, depreciation of value of plant, and royalties paid to owners of the soil,	.06	
	$1.118	

Total labor cost 93.3 per cent.

AVERAGE COST OF ONE TON OF COKE (2000 POUNDS) IN THIRTY ESTABLISHMENTS IN THE UNITED STATES.

	Total Cost.	Total Labor Cost.
Coal for coking (93.3 per cent labor),	$1.219	$1.137
Labor direct,	.357	.357
Officials and clerks (labor),	.028	.028
Supplies and repairs (90 per cent labor),	.058	.0522
Taxes,	.005	
	$1.667	$1.5742
To which must be added interest, insurance and depreciation of value of plant,	.007	
	$1.674	

Total labor cost, 94 per cent.

AVERAGE COST OF ONE TON (2240 POUNDS) OF IRON ORE IN SEVENTY-TWO ESTABLISHMENTS IN THE UNITED STATES.

	Total Cost.	Total Labor Cost.
Labor direct,	$1.039	$1.039
Officials and clerks (labor),	.049	.049
Supplies and repairs (90 per cent labor)	.359	.3231
Taxes,	.035	
	$1.482	$1.4111
To which must be added interest, insurance, depreciation of value of plant and royalty paid to owners of land,	.17	
	$1.652	

Labor cost 85.4 per cent.

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AVERAGE COST OF ONE TON (2240 POUNDS) OF LIMESTONE IN SIX ESTABLISHMENTS IN THE UNITED STATES.

	Total Cost.	Total Labor Cost.
Labor direct,	$0.307	$0.307
Officials and clerks (labor),	.022	.022
Supplies and repairs (90 per cent labor),	.041	.037
Taxes,	.007	
	$0.377	$0.366
To which must be added for royalty to owners of soil,	.053	
	$0.430	

Total labor cost 85 per cent.

COST OF CONVERSION OF 3990 POUNDS OF COKE, 5810 POUNDS IRON ORE AND 4528 POUNDS OF LIMESTONE INTO 2240 (ONE TON) POUNDS OF PIG IRON.

	Total Cost.	Total Labor Cost.
Labor direct,	$1.595	$1.595
Officials and clerks (labor),	.175	.175
Supplies and repairs and taxes, 90 per cent labor,	.530	.477
	$2.300	$2.247

Total labor cost, 97.6 per cent.

COST OF TON (2240 POUNDS) OF PIG IRON BASED ON FOREGOING COST OF MATERIAL.

	Total Cost.	Total Labor Cost.
5810 pounds of iron ore (85.4 per cent labor),	$4.28	$3.66
4528 pounds of limestone (85 per cent labor),	.887	.754
3990 pounds of coke (94 per cent labor),	2.97	2.792
Transportation of above (90 per cent labor),	1.697	1.567
Conversion of above into 2240 pounds of pig iron (97.6 per cent labor),	2.30	2.247
	$12.134	$11.020

Total labor cost 90.8 per cent.

Labor cost in the production of iron, steel, cotton goods, glass, etc.

In the same way it could be shown that over 90 per cent of the cost of a ton of steel rails or bar iron, or any product of iron and steel, is labor. We also have the opinion of the Hon. Abram S. Hewitt, based on his experience as a miner and manufacturer of iron. In 1848 he said:

> The value of every manufacture *is made up entirely of the wages paid to produce it.* Coal and iron in the mines cost nothing. They are the free gifts of God. But they are excavated by the pick and shovel of the workman; by him they are wheeled, carted, boarded to market; by the workmen they are carried to mill; by the workman the furnace is heated and charged; by him the iron is puddled, rolled, put up for the market, carried thither and sold. It is labor, labor, labor that constitutes every addition to the value of the article, and it is the man who bestows that labor who should enjoy the fruits thereof.

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This, of course, was a general statement, but Mr. Hewitt has since stated that the labor cost of all iron products is over 90 per cent. John Roach, the great ship builder, stated that careful estimates and experience show that the value of iron, beginning to estimate it at the mine, is composed of wages to the extent of 95 per cent on the average.

Of cotton goods Edward Atkinson said:

> If the subject is analyzed, first, as a whole, and, second, in each department, it will appear that at the present time the proportion of profit which can be set aside from the sale of coarse cotton goods sufficient to cover profits in all the various departments of the work, is less than 10 per cent of the wholesale market value of the product, *and 90 per cent is the absolute share of the laborers who do the work both in respect to materials used and to the finished product.*[1]

In the seventh annual report of the Commissioner of Labor[2] we find the cost of production of window glass in thirty-seven establishments, the figures for the first being as follows, the second column of figures being the writer's:

	Total cost of production.	Total labor cost.
Materials (90 per cent labor), ...	$12.486	$11.237
Direct labor, ...	101.439	101.439
Officials and clerks (labor), ...	5.300	5.300
Supplies and repairs (90 per cent labor), . . .	2.098	1.888
Fuel (90 per cent labor), ...	12.541	11.287
Taxes, ...	1.095	
	$134.959	$131.151

Per cent labor cost 97.

Labor the chief element in cost of production.

The same principle, if extended to transportation, would measurably hold good. The largest item of cost in constructing and operating railroads is that which goes into the pockets of the men who do the work. The labor cost of every commodity, which begins with the first human effort expended upon the raw material, is repeated over and over again, and follows the commodity through all the processes of production and distribution until it reaches the consumer. This is also true of the farm products, and every article of necessity and luxury. This being true, the importance of augmenting the $16,000,000,000 of products of our mines, factories and farms, becomes apparent. As Abram S. Hewitt said, "it is labor, labor, labor."

What share goes to capital? While it is true that enormous fortunes have been made by the Goulds, Vanderbilts, Rockefellers and others in railroad speculation, in mining gold, silver, iron and coal, in controlling oil fields, and in a great variety of enterprises connected with the marvelous development of our country which has taken place during the last third of a century; yet the profits of those engaged in industries directly affected by a protective tariff have only been fair and reasonable.

[1] Distribution of Products, p. 122. [2] Vol. I., p. 228.

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In fact out of seventy multi-millionaires named by a free trade writer, only four can be said to have amassed their wealth in protected industries.

Profits. Official investigations which have been made of the profits of manufacturers in the State of Massachusetts and other New England States, disprove the charges which have been industriously circulated by the allies of the Cobden Club against our manufacturers. The following is from the Home Market Bulletin of Boston for August, 1891:

One of the most important documents ever issued by the Massachusetts Bureau of Statistics of Labor is Part IV of the report for 1880, which came out July 21, 1891. It deals with "Net profits in manufacturing industries," and though it is bulky—(630 pages)—the deductions are concisely stated by Hon. Horace G. Wadlin, chief of the bureau, in the introduction. We will summarize the most important.

He obtained reports from 23,431 establishments, covering 64 different industries and representing 75.45 per cent of the capital and 70 per cent of the products of Massachusetts factories. Only 10,013 reported as to net profits, and of this number 9251 made a profit.

A Massachusetts manufacturer, on the average, out of every $100 invested puts nearly $24 into land, buildings and fixtures; $23 into machinery, implements and tools; has about $35 in cash for working capital, and borrows $18 more to supplement his cash capital. He has $47 out of every $100 invested in his plant, and with $53 in cash or borrowed money he carries on his business. The net profit was arrived at by the following deductions, determined upon after careful consideration:

Interest on cash and credit capital, 5 per cent; depreciation in the value of machinery, implements and tools, 10 per cent; allowance for selling expenses, losses and bad debts, 5 per cent.

RATES OF PROFIT.

After these deductions were made, 58 out of 64 industries exhibited a net profit. The excess of selling price above cost of production amounts, on the average, to $12.95 in each $100 worth of manufactured product. If from this $12.95 excess are deducted the following: $2.15 for interest, $1.90 for depreciation of machinery, implements and tools, and $5 for selling expenses and to make up the losses from bad debts, there will then remain a net profit of $3.90, which is equivalent to 4.83 per cent on the amount of capital invested, or an annual return of $4.83 upon each $100 of invested capital.

The results on the percentage basis, says Mr. Wadlin, for net profit, show that in few industries, if any, can the profits be called exorbitant, all things considered; for we find the largest percentages of net profit in the small industries, while large industries involve small profits and sometimes large losses. As to the general result for all industries, no one, he thinks, will maintain that the percentage of net profit is excessive.

The facts contained in the official report referred to have been confirmed by Edward Atkinson, General Draper and other statisticians who are competent to speak on the subject.

There is free competition in the investment of capital. The profits on capital in all countries are largely fixed by international competition. The surplus of a nation flows into those countries where the highest rate

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of interest and profits can be obtained. Citizens of the United States desirous of borrowing large sums of money go to England or the Continent of Europe, where they can obtain it at the lowest rate. Capital has become so abundant that the competition between lenders and the struggle on the part of borrowers tend to adjust interest and profits to a common level. Means of communication have become so perfected and the security afforded capital through permanently established governments and wise laws has become so absolute, that capital seeks investment in all countries with more freedom and greater safety than ever before. So long as this condition exists, it is sheer nonsense to talk about "robber barons" or "monopolists" in any department of productive industry that is open to the investment of capital by the citizens of the United States. Men will not stand idly by and see their neighbors amassing fortunes in any industry which is equally open to them, so long as money can be borrowed in any part of the world, at reasonable rates of interest.

If our cotton manufactories were making profits above this normal level, capital would at once be invested in the construction of cotton mills, competition increased and profits reduced. This is true of every branch of manufacturing in the United States. Cases can be cited in which manufacturers have made fortunes which are greatly in excess of this rate; but when the facts are ascertained, these will be found to be exceptions arising from the holding of patents for new inventions or those in which an industry promoted by able and sagacious men, has suddenly developed before the profits made are generally known. Our industries have now nearly all passed through the speculative stage and have become adjusted to conditions which do not admit of excessive profits. Capital is becoming so abundant, and the number of bright, active business men so great, that neither trusts nor combinations can effectually resist the competition of capital which flows into every productive industry as soon as it is discovered that large profits are being made. The operation of this law of competition in capital is found in the steady decline in prices which has taken place.

Is the tariff a tax?

That by reason of the high wage rate which prevails in the United States, it costs more to produce commodities here than it does to make similar articles by the lower paid labor of Europe, there is not the slightest question. Nor can we doubt that our tariff policy maintains this high wage rate, and in this way increases the cost of production over what it would be if the wages of our laborers were reduced under free trade. If this constitutes a tax on consumers, then the tariff is a tax.

But the free trader says that the duty is added to the *home cost* of production, and hence each consumer is compelled to pay an amount equal to the *home cost* price, based upon our wage rate with the duty added. Although the contention is not so definitely stated, yet the free trader

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intends to be so understood. It is a well known fact that competition among our own producers keeps the price of commodities down to the cost of production, based upon our wage rate and fair profits to manufacturers, entirely regardless of the rate of duty which may exist. This is proven by the steady decline in prices which has taken place since 1860. It is also shown by comparing the retail price of many commodities with the tariff. The following table was prepared by Hon. John Ford, while he was editor of the American Economist, from actual purchases made by him in the retail stores of New York City, in 1892. It was published in the American Economist of that year. While this list might be greatly extended, it sufficiently disproves the free trade assumption:

Effect of a tariff on prices.

ARTICLES.	Duty.	Price.
Wire nails,	$0.02 per lb.	$0.01 $\frac{65}{100}$ per lb.
Hand-saw files,	.75 per doz.	.48 per doz.
Salt,	.33⅓ per bbl.	.28 per bbl.
Bunting,	.22 per yd.	.20 per yd.
Lead pencils,	.60 per gross	.45 per gross
Chewing tobacco, 2 oz. pkg.,	.06 per pkg.	.05 per pkg.
Playing cards,	.50 per pack	.19 per pack
Tissue paper,	.65	.58
Calico,	.05 per yd.	.3¾ @ 5 per yd.
Cotton and woolen challies,	.09½ per yd.	.07 per yd.
Shirting prints,	.05 per yd.	.05 per yd.
Six-pound wool blankets,	1.38 each	1.32 each
Carpets,	.64 sq. yd.	.50 sq. yd.
Cheviots,	.65 sq. yd.	.42 sq. yd.
Ladies' wool dress goods,	.20 $\frac{83}{100}$ yd.	.16 $\frac{66}{100}$ yd.
Smyrna rugs,	2.80 each	2.49 each
Calico aprons,	.05 per yd.	.04½ per yd.
Workingmen's shirts,	.05 each	.05 each
Flannel shirt,	.80 each	.69 each
Boys' pants,	.43 each	.27 each
Cotton handkerchief,	.05 per yd.	.04 per yd.
Moquette rug,	1.05 each	1.00 each
Blanket,	.95 each	.90 each
Cloak (cheap),	5.13 each	3.98 each
Comfortable, cotton wool,	1.31 each	1.00 each
Workingmen's trousers,	.92 each	.89 each
Boys' suit,	1.24 each	1.20 each
Girls' dress, cotton and wool,	1.79 each	1.80 each
Working girls' dress,	4.13 each	3.98 each

While this principle holds good with articles produced in our own country, the prices of which are influenced by home competition, it is not true of those commodities which we are necessarily compelled to buy abroad. A duty on coffee, tea or sugar is added to the price which the consumer is compelled to pay. The protectionists, however, admit such commodities free of duty. It is sometimes suggested that if calico costs five cents a yard in the United States, and only three cents a yard in

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England, a duty of five cents a yard is two cents higher than there is any necessity for. While this may be true, if the excess is not added to the cost price in the United States, it harms no one. But this was not the point of contention. Protectionists do not favor the maintenance of duties higher than the conditions of competition require. The successive revisions of tariffs made by protectionists since 1860 have reduced duties and adjusted them to new conditions. But the controversy does not arise over such duties.

The McKinley Law and the Congressional Election of 1890.

The passage by Congress, in 1890, of the McKinley bill was in response to the popular sentiment expressed in the election of 1888. It was a bold and defiant challenge to the free trade element which had constantly agitated the tariff question since 1880. It contained no concessions or compromises; it took no backward step, for it was the outcome of a realization on the part of the protectionists that the people themselves would have to decide between protection and free trade; since the concessions made to low tariff advocates in 1883, instead of bringing industrial peace by securing our producers against further tariff agitation and business disorder, seemed to have encouraged to greater activity the enemies of American industries.

The people to decide.

Moreover, in framing the McKinley bill, the protectionists also realized that the home market for the produce of the American farm would have to be greatly enlarged in order to save our farmers from loss by the glut in farm products which followed the development of the new Western States; and the protectionist method of enlarging the farmer's market was to establish new industries for the production of some of the commodities which were being imported, because the Act of 1883 had made too great reductions in the tariffs on many competing commodities; which was proven by the fact that every effort by American capitalists to compete with foreign manufacturers in their production had failed.

The great purpose of the McKinley law.

The great purpose of the McKinley law, therefore, was to create new opportunities for the investment of producing capital and so relieve the congested centers of population by opening new avenues for the employment of idle laborers and especially for the employment of the immigrants who each year were coming to our shores by the thousands. The policy of thus enlarging the field of employment was one warranted by the common experience of nations practicing protection, namely, that greater prosperity for the whole people follows the extension of that policy to undeveloped fields of production. In the face of the campaign against protection which was then being prosecuted by the cabinet mem-

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bers of the Cobden Club, the solid South and a combination of the merchant princes of the country, to say nothing of the discontent with current conditions which at that time existed among the people of some of the far Western States, it required the patriotic wisdom of far-seeing statesmen to enact such a radical measure as the McKinley law with the congressional elections so near at hand; but nevertheless such wisdom was found in President Harrison, William McKinley, Thomas B. Reed and other great statesmen who were then the leaders of the Republican party.

Decidedly a protectionist measure.

The McKinley bill had been before Congress from the 16th of April, 1890, when it was reported to the House by Mr. McKinley, Chairman of the Ways and Means Committee, until September 30 of the same year, when the Senate adopted the conference report by a vote of 33 to 27. It was signed by President Harrison on October 1 and became a law October 6. The report of the conference committee, which had been considering the bill for some time, was adopted by the House of Representatives on September 26 by a vote of 151 to 81, although the vote in the House on some of the principal amendments had stood 164 yeas to 142 nays. The bill was decidedly a protectionist measure; for it not only preserved the protective features of the act of 1883, but increased the duties on manufactured articles which were being heavily imported, but the like of which, with proper protection, might be made in American factories. The imports of articles of this kind, upon which the duties were insufficiently protective, amounted in the year which ended June 30, 1889, to $295,897,000, of which at least $140,000,000 might have been produced in American factories. The bill revised the woolen schedule and increased the duties. As has been shown in a previous chapter, the McKinley law reversed the policy which had obtained concerning sugar, since the formation of the government, by placing it on the free list, at the same time protecting and encouraging the growth of sugar production in the United States by providing for the payment by the government to sugar producers of a bounty. The law then gave up a revenue from sugar duties of about $50,000,000 per year and in addition required the government to pay in bounties as subsequently appeared, about $9,000,000 annually. The sugar provision of the act, however, did not go into effect until April 1, 1891.

Agricultural protection prominent in the law.

Protection to agriculture was made a prominent feature of the measure. The year previous to its adoption, our importations of farm products amounted to $256,000,000; and much complaint had been heard from the farmers located in the counties adjoining the Canadian border with regard to the injurious competition to which they were thus subjected. On meats, the duties were greatly increased. For instance, the duty on hams and bacon, formerly two, was fixed at five cents a pound; barley formerly ten, was made thirty cents a bushel; on other cereals the

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duties were also considerably increased; eggs which had been free under the old law now paid a duty of five cents a dozen. The duty on potatoes, formerly fifteen, was raised to twenty-five cents a bushel; and that on butter was raised to six cents a pound, the old duty having been four. The provision most obnoxious to the tariff reformers, however, was that intended to establish new industries and so greatly extend the field for the employment of domestic labor and capital. Many of these industries have been mentioned heretofore, such as tin plate, pearl button, many of the finer grades of fabrics, and others. The measure, of course, met with the most bitter opposition. Every advocate of free trade, every tariff reformer, and the entire free trade press of the country had, to be sure, waged an increasing warfare of misrepresentation and abuse against the entire protective system; but this provision of the McKinley bill designed to extend the policy of protection to new industries, was, in their eyes, the sum of all villainies. With the exception of the sugar schedule the measure went into operation on the 6th of October, or only about four weeks before the congressional elections were held. Two features of the bill were particularly offensive to the tariff reformers because they meant the destruction of two of the principal arguments which they had used against the protective system since the anti-protection crusade began in 1878.

To establish new industries.

One of these arguments was that if our manufacturers had free raw materials they could enter foreign markets with their wares and successfully compete there with other countries. This argument was forever silenced in the McKinley law by giving to American manufacturers a rebate of ninety-nine per cent of duties paid by them upon imported materials which had been used up in export goods. This gave to the American manufacturer the free raw materials for his export trade, which the reformers had so long claimed would allow him to enter foreign markets with his goods. The other of these arguments thus destroyed was that the American people were being overtaxed, as was proven by the large surplus which was accumulating in the treasury from duties on imports. As we have above shown, this argument was dealt with in the McKinley law by repealing the duty on sugar, a step which reduced the customs receipts about $40,000,000 per year, and left only a small surplus above what was necessary to pay the regular expenses of the government. It was now apparent that the free raw material argument and the complaint against the surplus had been used simply to prejudice the people against the entire protective system and that the real purpose was to supplant the products of American industries by foreign imports. If this purpose could have been accomplished, both the foreign manufacturers and the American importers and merchant princes who distribute foreign-made articles in this country and who constitute the

Insincerity of the free traders apparent.

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American branch of the Cobden Club and are our real tariff reform enthusiasts, would at once have ceased to take interest in the tariff reform movement. But because of its radically protective features, as soon as the passage of the bill was announced, a well planned attack was made upon it throughout the entire country and its provisions grossly misrepresented in order in every possible way to discredit it in the minds of the people, the chief allegation against it being that it would increase the prices of all the necessaries of life. For example, the New York *Times* made the following statement:

> A moderate estimate of the increased cost of living in this city for the year 1891 is one-fifth. That is to say it will take $1.20 to buy what has been got for $1.

The conspiracy to misrepresent the law.

Other newspapers quoted authorities for the belief that the increase in the cost of living would be thirty per cent. Another radical feature of the McKinley law will bear special mention. As has been heretofore pointed out, since 1887 we had imported yearly from England about twenty million dollars' worth of tin plate. The import duties on this commodity had been so low that every effort to establish the industry in the United States had been defeated by British competition and American capitalists who had undertaken to compete had been driven to the wall. The McKinley law placed duties upon tin plate ranging from 1.85 to 2.2 cents per pound which was an increase of 1.2 cents per pound. The new duties did not go into effect until June 30, 1891; so the importers had about nine months in which to force the product upon the American market under the old. There was, therefore, no possible excuse for an immediate increase of the price of tin manufactures to American consumers. In fact, subsequent events showed that the price of tin plate was reduced from 3.44 cents per pound in 1890-1 to 2.81 cents per pound in 1892-3. It has been heretofore shown that, upon the passage of the McKinley law, the Welsh tin plate manufacturers reduced wages in order to make prices which would hold the American market and prevent the establishment of the industry in this country. Nevertheless some people in the canning industries announced that, by reason of the advance in the duty, the prices of canned fruits and vegetables would be advanced from fifteen to twenty per cent; and this in face of the fact that, had the whole amount of the duty been added to the price of tin plate in our market, it would have amounted, as Mr. Stanwood says, possibly to one-third of a cent on the tin used in putting up a can of tomatoes.

The falsehood about tin plate.

Mr. Stanwood further says that at least one concern operating a canning factory ostentatiously posted a reduction of wages, giving as a reason the impossibility of continuing in business at the prevailing scale.

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It is worth while to quote at length Mr. Stanwood's description of the methods employed by the tinware men to discredit the McKinley law. He says:

Mr. Stanwood's description of the methods of the canners.

The tinware men were not behind the canners in protesting that their industry was threatened with ruin. They announced an immediate advance of fifteen to twenty per cent on their wares, thus anticipating the increased duty on their raw material by eight months, during which time they could and did procure a large supply of that material. At the same time an appeal was made to the consumer which surpasses in audacity of conception any other political device of our time. When it was made it aroused the indignation of the supporters of the tariff to the highest pitch. To-day, say what we may of it from the point of view of political ethics, it moves chiefly one's sense of humor. Tin peddlers were sent through the country-districts, their vans loaded with the familiar pans and other kitchen utensils "marked up" to absurdly high figures. They were instructed to represent that the increase was due to the new tariff, and that tinware would never be lower so long as the law was in force. Thus the farmers' wives were made political agents to secure votes against "McKinleyism."

The exaggeration did not confine itself to specific articles. It extended itself to the whole cost of living. The New York *Times* announced editorially that "a moderate estimate of the increased cost of living in this city for the year 1891 is one-fifth. That is to say it will take $1.20 to buy what has been got for $1." A New York merchant, quoted by the same authority, "after a careful examination," concludes "that the necessaries of life must advance about thirty per cent." The chief necessaries of life are food, clothing and shelter. The tariff did not affect bread and meat in the slightest degree; it promised and gave a large reduction in the cost of sugar. It made a slight flurry in the market for clothing which, nevertheless, during the period the McKinley act was in force, was lower on the average than ever before. Of course it did not touch rents, nor did it make any change whatever in the price of fuel. In short, it is easily demonstrable that the cost of living to the average householder was lower rather than higher under the McKinley law. It is open to objectors to show that the tariff did tend to augment the family budgets of Americans, and that the tendency was counteracted by other agencies. But an assertion to that effect is not proof.[1]

Glaringly false allegations.

Importers, jobbers and all others having on hand stocks of goods upon which duties had been increased by the new law, improved the opportunity to profit by hurried sales, made under the pretext that prices would soon greatly advance. Upon this point Mr. Stanwood says:

Falsehood for profit.

The prices which consumers must pay for certain articles would surely be raised for a time—temporarily, the protectionists asserted—at least, until American competition could effect a reduction to the old rates. Most of those who dealt in such articles were opposed to increase of duties. They began immediately to issue circulars to their customers announcing that owing to the higher duty prices must be advanced. In many cases such circulars were warranted by the conditions that confronted them. In many cases they were not warranted; but it was a shrewd

[1] American Tariff Controversies in the Nineteenth Century. Vol. II., pp. 291, 292.

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movement on their part to advertise that the goods they had for sale would soon advance in price, and that purchasers would act wisely in buying at once. This is one of the commonest devices of company promoters. "Buy now at twenty-five cents a share, for the price will be raised next week to fifty cents." Once this movement began, it became the fashion. Advertisements and trade circulars announcing advancing prices became the material, in excessive abundance, of free trade and tariff reform arguments, in the press and on the stump.

A partial list, compiled from the editorial columns of one daily newspaper devoted to the reform, of articles on which it was asserted that the tariff had laid burdens which would be felt by the people generally, comprises leather gloves, cigars, photographs (in consequence of increased duty on photographic paper), pearl buttons, alpaca, potatoes, carpets, tinware, knit underclothing, musical instruments, canned goods, pepper, glass tumblers, pocket-knives, hats, clothing, cotton plush, and table cutlery.[1]

Congressional Elections of 1890.

Overthrow of the protection House.

Sufficient time did not intervene between the passage of the McKinley bill and the congressional election of 1890 to modify the public sentiment which was thus artificially created against the measure. The above described method of discrediting the political party responsible therefor, was successful and in less than a month after the law went into effect, the Democratic party won a most complete victory. The new House of Representatives stood as follows: 233 Democrats, 88 Republicans and 9 Populists. The Republicans, however, remained in control of the Senate, which stood, 47 Republicans, 39 Democrats and 2 Populists. Although there was not the slightest prospect of a repeal of the McKinley law or any of its provisions, the Democratic majority, in the session which convened December 1, 1891, under the leadership of William M. Springer of Illinois, as Chairman of the Ways and Means Committee and Charles F. Crisp of Georgia, as Speaker of the House, renewed and continued tariff agitation by the introduction of five separate bills, each attacking a specific industry, namely: (1) To reduce the woolen schedule by reducing the duties on fabrics and placing wool on the free list; (2) to put on the free list bagging for baling cotton, cotton gins, cotton ties and certain machinery to be used in manufacturing cotton ties and certain machinery to be used in manufacturing cotton bagging; (3) to help the farmers of the grain-growing States by the repeal of the duties on binding twine; (4) to remove from tin plate the protective duties placed thereon by the McKinley law; and (5) to change the duty on lead ore. These bills all passed the House of Representatives but were rejected by the Senate. Each measure was especially designed to influence votes in some particular section of the country.

[1] Ib., pp. 282-289.

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PART II.—1892 TO 1896.

CHAPTER V.

TRIUMPH OF DEMOCRACY AND FREE TRADE.

FREE TRADE SENTIMENT—FIRST ADMINISTRATION OF GROVER CLEVELAND, MARCH 4, 1883-MARCH 4, 1889—MR. CLEVELAND'S FREE TRADE MESSAGE OF DECEMBER, 1887—OPINIONS OF THE BRITISH PRESS—FREE TRADE ENDORSED BY LEADING DEMOCRATS—ELECTION OF BENJAMIN HARRISON IN 1888—PROSPEROUS CONDITION OF THE UNITED STATES UNDER THE MCKINLEY TARIFF—TRIUMPH OF THE DEMOCRATIC PARTY IN 1892—FREE TRADE PLATFORM OF THE DEMOCRATIC PARTY—CLEVELAND'S SECOND ADMINISTRATION, MARCH 4, 1893 TO MARCH 4, 1897—FRAUD PRACTICED ON THE VOTERS BY GROVER CLEVELAND TO SECURE HIS ELECTION—DOWNWARD REVISION OF THE TARIFF BY THE GORMAN-WILSON BILL—PANIC OF 1893 AND CAUSES—EFFECT OF THE DOWNWARD REVISION OF THE TARIFF UPON THE TRADE, INDUSTRIES AND FINANCES OF THE COUNTRY.

We are not recklessly heedless of any American interests, nor will we abandon our regard for them.—GROVER CLEVELAND, speech in Madison Square Garden, July 20, 1892.

Tariff reform is still our purpose. We wage no exterminating war against any American interests. We believe a readjustment can be accomplished in accordance with the principles we profess without disaster or demolition. We contemplate a fair and careful distribution of necessary tariff burdens rather than the precipitation of free trade. We will rely upon the intelligence of our fellow-countrymen to reject the charge that a party comprising a majority of our people is planning the destruction or injury of American interests.—From letter of acceptance of Grover Cleveland, September 26, 1892.

The verdict of our voters which condemned the injustice of maintaining protection for protection's sake, enjoins upon the people's servants the duty of exposing and destroying the brood of kindred evils which are the unwholesome progeny of paternalism. The lessons of paternalism ought to be unlearned and the better lesson taught, that while the people should patriotically and cheerfully support their government, its functions do not include the support of the people. The acceptance of this principle leads to the refusal of bounties and subsidies, which burden the labor and thrift of a portion of our citizens to aid ill-advised or languishing industries in which they have no concern.—From the inaugural address of Grover Cleveland, March 4, 1893.

The revival of the assault on American industries which began in 1867 was a renewal of the struggle for the American market which has never ceased since the close of the Revolutionary War. In 1866 the Cobden

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Club had been organized for the purpose of extending free trade principles in other countries, and in 1880 the United States was selected as the definite field of its operations.

On July 12, 1880, the London Times in giving an account of a meeting of this club said:

> How free trade will come some day to the United States must be left to the Cobden Club and to its twelve Cabinet Ministers in their unofficial capacity to decide. . . . . It is to the New World that the club is chiefly looking as the most likely sphere for its vigorous foreign policy. It has done what it can for Europe and is now turning its eyes westward and bracing itself for the struggle which is to come. So it will go on until reason has destroyed protection in the great stronghold (United States) in which it has intrenched itself. . . . We intend to break down the protecting system in the United States and to substitute the British system. That done, our victory is complete and final.

The Cobden Club and its American off-shoot.

In 1879, Mr. Thomas Bayley Potter, the secretary of the club, and also a member of parliament, visited the United States for the purpose of looking over the field and effecting an organization in this country. He visited the various cities and industrial centres of the country and established agencies in New York and Chicago. Mr. Poultney Bigelow was made the agent in New York and Mr. Alfred Bishop Mason the agent of the club in Chicago. The New York Free Trade Club had already been organized. On July 26, 1888, the New York Evening Post stated that this club was "on a sound financial basis with working capital assured to it for some years to come," and that it had "decided to enter the coming political campaign actively, directing its energies largely to the Congressional districts." It further stated that "a strong effort will be made to compel candidates for Congress everywhere to declare themselves on one side or the other" of the tariff question.

Mr. James M. Swank tells us[1] that: "Mr. Potter insolently said to Mr. Dudley [Hon. Thomas H. Dudley, former United States Consul to Liverpool], during his visit to this country in 1879, that 'Englishmen don't object to your having a tariff for revenue only.'" That is, a tariff which is so low that it will not obstruct the sale of British goods in American markets. Upon Mr. Potter's return from the United States, at a dinner given by the Cobden Club, July 10, 1880, he said: "The Cobden Club is now about to enter a contest with a foe worthy of its steel. Their eyes are now turned westward; they are going to encounter their friends in the United States, and I believe they will ultimately be victorious." The foothold which this organization had soon gained in the United States is shown by its annual report of 1877, which includes the names of 130 prominent citizens of our country among its members. In this list is found the names of the most influential members of the Democratic party, professors in leading colleges, and those persistent agitators for

[1] Footprints of the British Lion, p. 7.

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"tariff reform," who have filled the columns of our newspapers and magazines with their free trade arguments.

Recrudescence of Cobdenism.

With this working force a constant and unremitting agitation of the question could be kept up. With two great branch organizations, such as were located in New York and Chicago, the country could be flooded, as it was, with free trade literature emanating from the central office in England, without arousing too much suspicion that the movement was being directed and public sentiment being moulded by the brains of the Cobden Club. While the allies in the United States would apparently be playing the political game, the checkers on the board were actually being moved by the British lion. From the date of the meeting of the Cobden Club in 1880, for years the United States was flooded with its pamphlets and books, many of which reiterated the exploded theories of Cobdenism, while others were directed especially against the protective policy of the United States, and in the attempt to discredit it made most scandalous misrepresentations of facts and industrial conditions. So far as economic thought is concerned, there has been nothing added to the question by their disciples in America. In fact, not since 1860 has there been any improvement on the fallacies and false prophecies which were put out by the Manchester school.

The plan of campaign.

The plan of campaign pursued by the Cobden Club in the United States in the distribution of literature and interference in Congressional elections was at first bold and undisguised. The following single instance will illustrate their mode of operating: The Chicago Manufacturer of October 18, 1881, gives an account of a visit of one Professor Sheldon, of London, to one of the leading agricultural journals of that city, and of his urging its editor to publish in full the "Address to American Farmers" written by Mongredien. To the honor of the editor, the request was refused. The Manufacturer further says: "Another agent and correspondent of the Cobden Club, duly delegated, one Professor Bigelow, of New York, was in the city a day or two recently, consulting with local free traders. He was going to Indiana, well supplied with British pamphlets, with which he proposed to influence votes against candidates for Congress who were not pledged to propose or vote for the abolition of import duties, if elected." The attempt to meet these facts with ridicule and to treat them as a campaign cry raised by protectionists will not do. It is an insolent and unwarranted interference in the affairs of the American people by a commercial enemy. Its purpose is to destroy our cities and villages, to bankrupt our business men and manufacturers, to deprive our artisans of employment and reduce them to degradation and want, that British manufacturers may thrive. If one of our merchant vessels is seized on the high seas by a British subject, indemnity is demanded. If Great Britain attempts to take a foot of land from Venezuela, it is a violation of the Monroe doctrine, and the whole nation is fired with patriotism and summoned to arms. But the industrial policy which is protecting

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and keeping watch over the homes and firesides of our people can be overthrown by the fraud, deception and conspiracy of foreigners with impunity. Whole cities and industrial centres can be as effectually destroyed by this means as if bombarded with shot and shell.

The Democratic party and free trade.

The Cobden Club found a willing ally in the Democratic party. At this time its leaders were hunting about for a new issue. Their party had been routed in every presidential election since 1856, and every principle which they had endorsed since 1833 had been repudiated and condemned by the American people. The tariff question had been little discussed since 1860. The questions brought into prominence by the Civil War had absorbed public interest, while the necessities of the government for the payment of pensions, interest on the public debt, together with the efforts to rapidly reduce it, made a large revenue necessary. Hence the tariff question was taken out of party politics for a time. Hitherto even those who believed in free trade or lower duties had acquiesced in the policy made necessary by the revenue requirements. By 1882 the situation had materially changed. Free traders could now attack the tariff policy without being accused of assailing the credit of the nation.

The Southern people, from education and tradition, were opposed to protective duties. The Democrats of the Western States, devoted to agriculture, could easily be made to believe that it was better to buy their manufactured goods in Europe, where they could be obtained the cheapest. New York and the seaboard cities were filled with importers and those representing foreign houses and interested in foreign trade. All of these elements could be relied upon to unite at once under the banner of free trade. Again, the appeal which the free traders made to the consumers was very alluring. But above all this the study of economics had been neglected by the people. The specious and deceptive arguments of a few designing and crafty men, shaping and directing the campaign and moulding public sentiment, would create an impression against the policy of protection among patriotic and conscientious citizens, who have the highest regard for the welfare of their own country.

The President's message of 1887.

Through factional jealousies and dissensions in the Republican party, Grover Cleveland was elected President of the United States in 1884, defeating James G. Blaine, the candidate of the Republican party. Mr. Cleveland called to his aid as his chief counselors members of the Cobden Club. Among his cabinet officers were Thomas F. Bayard, William Endicott, L. Q. C. Lamar, all members of this organization. Mr. Manning, who was made Secretary of the Treasury, was known to hold less radical views on the question, but in a short time he resigned from the cabinet. When Congress convened in December, 1887, the administration opened its warfare on the policy of protection in the

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President's message to Congress, which stated the grounds of attack as follows:

Our scheme of taxation, by means of which this needless surplus is taken from the people and put into the public treasury, consists of a tariff or duty levied upon importations from abroad, and internal revenue taxes levied upon the consumption of tobacco and spirituous and malt liquors. It must be conceded that none of these things subjected to internal revenue taxation are, strictly speaking, necessaries; there appears to be no just complaint of this taxation by the consumers of these articles, and there seems to be nothing so well able to bear the burden without hardship to any portion of the people.

But our present tariff laws, the vicious, inequitable and illogical source of unnecessary taxation, ought to be at once revised and amended. *These laws, as their primary and plain effect, raise the price to consumers of all articles imported and subject to duty, by precisely the sum paid for such duties.* Thus the amount of the duty measures the tax paid by those who purchase for use these imported articles. Many of these things, however, are raised or manufactured in our own country, and the duties now levied upon foreign goods and products are called protection to these home manufactures, because they render it possible for those of our own people who are manufacturers, to make these taxed articles and sell them for a price equal to that demanded for the imported goods that have paid customs duty. So it happens that while comparatively a few use the imported articles, millions of our people, who never use and never saw any of the foreign products, purchase and use things of the same kind made in this country, *and pay therefore nearly or quite the same enhanced price which the duty adds to the imported articles. Those who buy imports pay the duty charged thereon into the public treasury*, but the great majority of our citizens, who buy domestic articles of the same class, *pay a sum at least approximately equal to this duty to the home manufacturer.*

Reduction of the surplus—The policy of "cheapness."

The first objection relates to the surplus in the Treasury. Mr. Cleveland and every free trader in the United States knew that the tariff could be revised in such a way as to afford ample protection to every industry and at the same time reduce the revenues which were being derived from customs duties. The surplus could be gotten rid of without in the slightest degree assailing a protective tariff. The cry which was raised by Mr. Cleveland against the surplus in the Treasury was repeated throughout the Democratic press and urged for years, as one of their objections against the policy of protection. It was under the cover of this sham assault that many free traders were able to carry on a guerilla warfare until the McKinley bill reduced revenues and relieved the government of its surplus to the extent of $41,000,000, while giving increased protection to the industries of the country. The second paragraph quoted from Mr. Cleveland's message, however, contains the real objection relied on. This announced the cardinal principle of Cobdenism. It embodies the contention that, although it would result in the destruction of native industries, consumers should not be compelled, through a tariff policy, to contribute to the high wages paid to American labor, which increased the cost of production over goods made by the low paid labor of Europe. This is not the only expression we have from Mr. Cleveland in favor

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of "cheapness." In his speech at Columbus, Ohio, November 13, 1890, he said: "We are not ashamed to confess ourselves in full sympathy with the demand for cheaper coats, and we are not disturbed by the hint that this seems necessarily to involve a cheaper man or woman under the coat."

British opinion of the President's message.

Mr. Cleveland's message was at once recognized by British free traders as a response to the efforts of the Cobden Club in the United States, and the inauguration of a policy which would open our markets to the admission of their goods. The fundamental principles involved showed that Mr. Cleveland had been a close student of their literature.

The Glasgow Herald, in commenting on this message, said: "Take for example his argument against the wool tariff, that the farming class lose vastly more by the increased prices of clothes than they gain from the enhanced price of wool. This reads like an extract from an old speech of Mr. Bright's."

The London Saturday Review said of the message: "In America the President's policy means free trade. The President and the Democratic leaders have finally decided that they have nothing to gain by keeping measure any longer with the protectionists. They have, from whatever motive, *resolved to adopt a free trade policy.*"

The Scotchman, in speaking of the effect which Mr. Cleveland's proposal would have on British exports, said:

> It may be admitted that large reductions in the duties on imported manufactured goods would produce great distress in many parts of the country [meaning the United States] . . . *The free importation of iron, coal and wool would be a great boon to British producers.* . . . If it were accompanied with reductions in the tariff upon cotton, woolen and other manufactures, *the artisans of this country would derive a marked benefit from it.*

The London Post said: "We shall be much mistaken if the effect of this state communication will not be to strengthen considerably the case of free traders in all parts of the world. *It will be regarded as a step in the right direction by all believers in the soundness of free trade* principles."

The London Times said: "If President Cleveland's tariff reforms are carried, English goods and iron and steel largely will go to the States in greatly increased proportions."

The London Echo, for January 23, 1888, in speaking of the defeat of Mr. Randall's faction (in the Democratic caucus) said: "*This is good news for England for it means an increased wool, iron and steel trade.*"

British views of the effects of reduction of duties in the United States.

Similar extracts might be quoted from many other British papers to prove that Mr. Cleveland's utterances were those of a free trader, and that if the principles enunciated were carried out it would result in a benefit to British manufacturers and an injury to those in the United States. One more quotation should be given to show the effect which Englishmen believed a reduction of duties by the United States would have on

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British trade. In a tract issued by the Cobden Club for circulation among the workingmen of Great Britain to combat the rising sentiment in favor of protection, Mr. George W. Medley, one of the secretaries of the club, said that the result in England which would follow the adoption of universal free trade would be: [1]

1. A sudden and vast demand for labor at home.
2. A sudden and great increase in wages.
3. A rapid increase in the number of our factories, workshops, mills, furnaces, etc.
4. A rampant speculation in everything connected with trade and manufactures.
5. A general rise in prices distressful to those with fixed incomes.
6. A rush of population from home and abroad to our manufacturing centres.
7. A stimulus given to marriage and population.
8. A demoralization of our laboring classes.
9. Strikes for an increase of wages, etc.

The pamphlet containing these predictions was put out in 1881. Believing that such results would follow the opening of foreign markets to the free admission of British goods, it is not surprising that the members of the Cobden Club should endeavor to procure the adoption of universal free trade; while, on the other hand, it is most astonishing that Mr. Cleveland or any other American citizen should aid in forwarding such a policy.

The message of President Cleveland summoned to action every free trader in the country. After this bold attack on the policy of protection by the chief executive, the Democratic press of the country began its assault with renewed vigor, and Democratic Congressmen became more outspoken in their expressions in favor of free trade. The following statements of leading members of the Democratic party will serve to show the radical position which their party was taking on the question. Hon. C. R. Breckinridge, of Arkansas, in the House of Representatives, May 17, 1888, said: "Of course, any reduction of excessive rates of tariff taxation is in the direction of free trade. I do not seek to conceal my own belief in the wisdom of the greatest possible freedom of trade from all hindrances and restrictions."

Radical views of Democrats on free trade.

Hon. John H. O'Neill, of Indiana, in the House of Representatives, May 14, 1888, said: "As a free trader—and I claim to be one—I protest against making the tariff so high as to destroy competition from abroad."

Hon. R. P. Bland, of Missouri, in the House of Representatives, July 19, 1888, said: "I am not here for the purpose of voting for a tariff on lead, or a tariff on flax, or a tariff on anything, but I am here to get the tariff off everything I can. I am in a combine for the purpose of reducing taxes, and I will vote for a bill with free lead or free anything else in it to accomplish that purpose."

[1] Fair-Trade Journal, Vol. II., page 35.

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Hon. S. S. Cox, in the House of Representatives, May 18, 1888, said:

There was no warrant in England, there is no warrant here either by natural laws, or state laws or constitutional requirements, to restrict such freedom of exchange for the personal or class interests of anyone, any more than there is a warrant for a state religion or the abridgment of speech, press and suffrage. Freedom not only to work as we please, but to dispose of the product of our work as we please; freedom to spend our money where we can get the most for it, and freedom to make that money without the ignominy of enslaving statutes.

Hon. Silas Hare, of Texas, in the House of Representatives, May 12, 1888, said: "I believe that a tariff for protection is the foundation and principal cause of all the complaints and unrest that has either threatened or actually disturbed the public peace and quiet for years. If we did not require money to defray the expenses of government, I would be an absolute and uncompromising free trader."

Hon. Peter T. Glass, of Iowa, in the House of Representatives, April 26, 1888, said: "I am in favor of putting all the raw materials of manufacture on the free list, including salt, coal, iron ore, copper, timber and lumber, together with every article now on the free list."

Hon. Edward Lane, of Illinois, in the House of Representatives, May 12, 1888, said:

Protection has its origin in the selfishness of our natures and not in the general good. We have free speech, free press, free soil, free thought, free religion, and our trade should be as free as possible. Freedom is a natural right. Free trade is the natural right of commerce. Protection is forever a cheat and a delusion. Protection is not right. It should be an inherent right in every American citizen to sell his labor and wares where he can get the best price and to buy where he can buy the cheapest. The protective system is un-American, and is a perversion of the laws of nature, of God and man.

Further expressions of free trade views.

The foregoing quotations are extracts from speeches delivered in defence of the Mills bill. The following expressions of leading Democrats are cited as further evidence upon the question:

Hon. Roger Q. Mills:

If Grover Cleveland is re-elected President of the United States—as he will be; if another Democratic House of Representatives is chosen, and if we can get our Republican friends out of the other end of the Capitol and get Democrats in place of them, then we will pass a tariff bill that puts raw material on the free list, and then we will put our own intelligence and skillful and productive labor of this country upon a plane of equality with the laborers of all other countries.

I desire free trade, and I will not help to perfect any law that stands in the way of free trade.

Speaker Carlisle: "All trade should be as free as possible."

Secretary Fairchild: "Add to the free list as many articles as possible. Reduce duties upon every dutiable article to the lowest possible point.

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Senator Vest: "We are entering upon a most fearful Presidential contest, the most important since that of 1860. Mr. Cleveland, by his message, for which I sincerely honor him, has challenged the protected industries of the country to a fight of extermination."

Democratic views.

Hon. Henry Watterson: "The Democratic party is a free trade party, or it is nothing. The Democratic party will make a free trade fight in 1884. If it loses, it will make another in 1888. The conflict between free trade and protection is irrepressible and must be fought to the bitter end."

Hon. Isidor Raynor:

But, Mr. Chairman, I appeal to the Democracy here to stand true to their colors. *I appeal to them to stand up to the traditions of our party.* A tariff for anything else than revenue is outside the traditions and principles of our party, and at war with its pledges and history. *It is foreign to our platform.* We have given to the people the assurances of our intentions to do this. Let us prove our faith by our works. Let us engrave upon the imperishable tablets of the law the truth of the doctrine we have proclaimed. *A man cannot, at this time, upon this floor, be a Democrat and be in favor of the continuance of present systems.*

Henry George: "Mr. Cleveland has burned his ships; he stands before the country as the champion of free trade against protection. If he is re-elected, protection will have received its death blow."

Memphis Appeal, Democrat: "But coming back to the fact of free trade, it is undeniable that this is the ultimate policy of the Democratic party, and the Mills bill is only a step toward its consummation, and for that day, we pray, 'God send it soon.'"

Hon. M. D. Harter: "I would abolish every custom house in the land. I would vote for the establishment of an institution to spread the cancer or a field in which to propagate cholera, or a school in which to teach vice and crime, rather than vote for a protective tariff of any kind."

Senator Coke, of Texas, said: "If there is any one thing in this world the average Texan would go any number of miles out of his way to kick, kill and destroy, it is a protective tariff."

Statements of this character from leading Democrats, from the men who control the legislation and direct the policy of the Democratic party, are too numerous to repeat. The literature of the Reform Club, or Free Trade League of New York City, has been filled with definite arguments and expressions in favor of the British system of economics. It would be unnecessary to quote so many of these expressions were it not for the fact that under the name of "Tariff Reform," an effort has been made and is still being made, to convince the people that the Democratic party is not a free trade organization and that its ultimate end is not the destruction of every vestige of protection and the establishment of a system of free competition.

The radical expression of Mr. Cleveland in his message of 1887 and of the free trade leaders resulted in defeat in 1888. Benjamin Harrison

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The return of the Republican party to power.

was elected President, the Republican party was returned to power, and entered upon a revision of the tariff in harmony with the principles of protection. A history of the legislation having been given in a preceding chapter it is unnecessary to repeat it here. The revenues had been reduced in such a way that the Democratic party could no longer complain of a constantly accumulating surplus. The country had become so prosperous and industrial activity so universal, that it seemed to Republicans that no valid reason could be urged why the Democratic party should be again returned to power. The satisfactory results following the legislation of 1890 and the conditions existing while the campaign of 1892 was going on, were stated by President Harrison in his message to Congress in December, 1892, after the Republican party had been defeated, as follows:

Industrial advance under protection.

The new industrial plants established since October 6, 1890, and up to October 22, 1892, as partially reported in the American Economist number 345, and the extension of existing plants, 108; the new capital invested amounts to $40,449,050, and the number of additional employees to 37,285.

The Textile World for July, 1892, states that during the first six months of the present calendar year 135 new factories were built, of which 40 are cotton mills, 48 knitting mills, 26 woolen mills, 15 silk mills, 4 plush mills, and 2 linen mills. Of the 40 cotton mills 21 have been built in the Southern States. Mr. A. B. Shepperson, of the New York Cotton Exchange, estimates the number of working spindles in the United States, on September 1, 1892, at 15,200,000, an increase of 660,000 over the year 1891. The consumption of cotton by American mills in 1891 was 2,396,000 bales, and in 1892, 2,584,000 bales, an increase of 188,000 bales. From the year 1869 to 1892 inclusive, there has been an increase in the consumption of cotton in Europe of 92 per cent, while during the same period the increased consumption in the United States has been about 150 per cent.

The report of Ira Ayer, special agent of the Treasury Department, shows that at the date of September 30, 1892, there were 32 companies manufacturing tin and terne plate in the United States, and 14 companies building new works for such manufacture. The estimated investment in buildings and plants at the close of the fiscal year, June 30, 1893, if existing conditions were to be continued, was $5,000,000, and the estimated rate of production 200,000,000 pounds per annum. The actual production for the quarter ending September 30, 1892, was 10,952,725 pounds.

The report of Labor Commissioner Peck, of New York, shows that during the year 1891, in about 6000 manufacturing establishments in that State embraced within the special inquiry made by him, and representing 67 different industries, there was a net increase over the year 1890 of $31,315,130.68 in the value of the product, and of $6,377,925.09 in the amount of wages paid. The report of the commissioner of labor for the State of Massachusetts shows that 3745 industries in that State paid $129,416,248 in wages during the year 1891, against $126,030,303 in 1890, an increase of $3,335,945, and that there was an increase of $9,932,490 in the amount of capital and of 7346 in the number of persons employed in the same period.

During the last six months of the year 1891 and the first six months of 1892, the total production of pig iron was 9,710,819 tons, as against 9,202,703 tons in the year 1890, which was the largest annual production ever attained. For the same twelve months of 1891–92 the production of Bessemer ingots was 3,878,581 tons, an increase of 189,710 gross tons over the previously unprecedented yearly production of 3,688,871

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gross tons in 1890. The production of Bessemer steel rails for the first six months of 1892 was 772,436 gross tons, as against 702,080 gross tons during the last six months of the year 1891.

Foreign trade.

The total value of our foreign trade (exports and imports of merchandise) during the last fiscal year was $1,857,680,610 an increase of $128,283,604 over the previous fiscal year. The average annual value of our imports and exports of merchandise for the ten fiscal years prior to 1891 was $1,457,322,019. It will be observed that our foreign trade for 1892 exceeded this annual average value by $400,358,591, an increase of 27.47 per cent. The significance and value of this increase are shown by the fact that the excess in the trade of 1892 over 1891 was wholly in the value of exports, for there was a decrease in the value of imports of $17,513,754.

The value of our exports during the fiscal year 1892 reached the highest figure in the history of the government, amounting to $1,030,278,148, exceeding by $145,797,338 the exports of 1891 and exceeding the value of the imports by $202,875,686. A comparison of the value of our exports for 1892 with the annual average for the ten years prior to 1891 shows an excess of $265,142,651 or of 34.65 per cent. The value of our imports of merchandise for 1892, which was $829,402,462, also exceeded the annual average value of the ten years prior to 1891 by $135,215,940. During the fiscal year 1892 the value of imports free of duty amounted to $457,999,658, the largest aggregate in the history of our commerce. The value of imports of merchandise entered free of duty in 1892 was 55.35 per cent, of the total value of imports, as compared with 43.35 per cent in 1891 and 33.66 per cent in 1890.

General prosperity.

Another indication of the general prosperity of the country is found in the fact that the number of depositors in savings banks increased from 693,870 in 1860 to 4,258,893 in 1890, an increase of 513 per cent, and the amount of deposits from $149,277,504 in 1860 to $1,524,844,506 in 1890, an increase of 921 per cent. In 1891 the amount of deposits in savings banks was $1,623,079,749. It is estimated that 90 per cent of these deposits represent the savings of wage-earners. The bank clearances for nine months ending September 30, 1891, amounted to $41,049,390,808. For the same months in 1892 they amounted to $45,189,601,947, an excess for the nine months of $4,140,211,139.

There never has been a time in our history when work was so abundant or when wages were so high, whether measured by the currency in which they are paid or by their own power to supply the necessaries and comforts of life. It is true that the market prices of cotton and wheat have been low. It is one of the unfavorable incidents of agriculture that the farmer cannot produce upon orders. He must sow and reap in ignorance of the aggregate production of the year, and is peculiarly subject to the depreciation which follows over-production. But, while the fact I have stated is true as to the crops mentioned, the general average of prices has been so much as to give to agriculture a fair participation in the general prosperity.

It was in the midst of this marvelous prosperity in 1892 that the Republicans renominated Benjamin Harrison, and adopted a platform endorsing the recent legislation and the policy of protection.

The Democratic platform of 1892.

Mr. Cleveland was again brought forward by the free trade element of his party as its candidate for President. It was apparent some time before the convention assembled that his nomination was assured. When the convention met in the city of Chicago, the adoption of a plank on the tariff question became next in importance to the nomination of the candidate. This was so fully recognized by Mr. Cleveland and his associates that Senator Gorman, Senator Gray and other trusted managers had

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decided in advance to re-adopt the platform upon which Mr. Cleveland was elected in 1884, which was so indefinite upon the question that the manufacturers, laborers and business men of the Eastern and Middle States could be appealed to for support with more assurance of success. In 1888 the famous free trade message quoted from above was recognized as the platform upon which he was running, and resulted in his defeat. Hence, Mr. Cleveland and his friends had decided to adopt more politic expressions. When the convention assembled, the committee on resolutions presented a platform in accordance with the plan stated; but the convention was filled with delegates from the West and South who had become so strongly imbued with radical free trade sentiments that, in spite of the advice of the more astute friends of Mr. Cleveland, the following plank was presented to the convention, and adopted by an overwhelming majority:

Section 3. We denounce Republican protection as a fraud—a robbery of the great majority of the American people for the benefit of the few. We declare it to be a fundamental principle of the Democratic party that the Federal Government has no constitutional power to impose and collect tariff duties, except for the purpose of revenue only, and we demand that the collection of such taxes shall be limited to the necessities of the government when honestly and economically administered.

This was the most radical declaration in favor of free trade that had been made by the Democratic party since the Convention of 1856. It expressly declared that when a duty on an imported article is made high enough to afford protection to home labor, and thereby restricts importations and revenues, it becomes unconstitutional, thus reviving the principles of Calhounism, and challenging the opinions of the framers of the Constitution upon this question. They further declared that the McKinley bill was "the culminating atrocity of class legislation," and promised its repeal if placed in control of the government.

This expression was so radical that it alarmed Mr. Cleveland and his associates. We are informed by Senator Gorman, in his speech in the United States Senate, July 28, 1894, that the situation was carefully considered, and it was decided that the campaign should be conducted upon more conservative lines. Democratic producers from various parts of the country, and especially public men whose advice would be relied upon by their constituents, sought Mr. Cleveland for advice on the policy which the party would pursue in the event of success. A conference was held and a more politic course decided upon. Mr. Gorman says:

"Tariff reform."

After a great deal of talk, after the most careful consideration, the candidate of our party told them, as he told the public through his letter, that the Democratic party was not to destroy industries; that it should place a fair duty upon dutiable articles—a revenue duty; that the bill which had met approval was the Mills bill, and on the line of the Mills bill the Democratic party would act.

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With the fear of defeat staring him in the face, Mr. Cleveland adopted the policy of Polk in 1844, and modified his expressions, although he had not changed his views. He attempted to make a platform upon which he was to run, which would be more likely to catch votes and insure his election. In his speech, made at Madison Square Garden, New York City, July 20, 1892, he said: "Ours is not a destructive party. We are not at enmity with the rights of any of our citizens. All are our countrymen. *We are not recklessly heedless of any American interests, nor will we abandon our regard for them.*"

Again, in his letter of acceptance, dated Gray Gables, September 26, 1892, he said:

> Tariff reform is still our purpose. *We wage no exterminating war against any American interests.* We believe a readjustment can be accomplished in accordance with the principles we profess *without disaster or demolition.* We contemplate a fair and careful distribution of necessary tariff burdens *rather than the precipitation of free trade.* We will rely upon the intelligence of our fellow-countrymen to reject the charge that a party comprising a majority of our people is *planning the destruction or injury of American interests.*

Hence, the Democratic party went before the people with two platforms; in the South and West it was well understood that the Chicago platform represented the real sentiment of the party, and that it embodied the principle which would guide its action when once placed in control of the government; while through the Eastern and Middle States it was claimed that Mr. Cleveland had modified his views upon more careful reflection, since his bold free trade statements in 1887, and the labor, capital and interests of the country would be safe from invasion and attack in his hands. Through this system of double dealing and the prejudices which were aroused by the misrepresentations and falsehoods against the McKinley bill, Mr. Cleveland was elected, and with him a large majority in the House of Representatives, and sufficient Senators to control Congress. Never in the history of American politics was such a shameful campaign as this one waged by the Democratic party. Our workmen were almost too busy to read or to listen to arguments presented by editors and speakers, but the free trade leaders were desperate, another year or two of workings of the tariff bill would have blasted every hope of free trade in America for years to come and so vindicated the wisdom of protection that it would have been placed beyond attack.

Misrepresentations of free traders.

The plan of campaign adopted by the Democratic party was to assail and misrepresent the McKinley bill. They argued, first, that the prosperity we were enjoying and in fact, the industrial prosperity which had been so continuous and universal for the past thirty years, arose from the superior natural advantages of our soil and climate, the energy and genius of our people, and that it was in spite of, rather than because of, protective legislation. Our employers of labor were denounced

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as "robber barons," "monopolists," "capitalists," and every effort was made to prejudice and misguide the masses of the people. The arguments of European anarchists were imported and hurled at our thrifty and enterprising men of means. They claimed that the rich were growing richer and the poor poorer, and that it was all due to the policy of protection. Again, the cry of high prices was raised. Tin peddlers were sent through Congressional districts, from house to house, demanding higher prices for their wares, telling the people that the increase in price was due to the McKinley bill. Every failure on the part of labor organizations to obtain an advance in wages was heralded from one end of the country to the other, and wages were claimed to have been reduced in consequence of the recent tariff legislation, notwithstanding the fact that a Senate committee had made an investigation of the question of wages and prices which was participated in by free trade statisticians, and that its report, concurred in by leading Democratic Senators, among whom was John G. Carlisle, showed that prices had declined and wages had advanced after the passage of the Republican measure.

Free trade promises.

Our producers were told that if the Democratic party was trusted with power the tariff would be so reformed that they could greatly extend their foreign trade and capture the markets of the world, notwithstanding the fact that after the Republican legislation our foreign trade had been larger than ever before in the history of the country, and through reciprocity treaties a definite and practical means had been provided for opening the markets of South America to our wares under the most favorable conditions possible. In the West and South it was argued that cheap clothing and manufactured goods were to be received from Europe in exchange for farm products, while in the manufacturing districts of the East, it was urged that by putting wool on the free list so that our manufacturers could buy this raw material in South America and Australia, they would be able to enter the markets of the world, greatly extend the foreign trade and increase the employment of labor. In one part of our country it was claimed that we were to sell manufactured goods in foreign countries, while in another part exactly the opposite was maintained. It would require too much space to attempt to point out the frauds perpetrated on the American people. The Democratic party became desperate and stopped at nothing to carry the election.

Effect of the fear of tariff reduction on business.

The manufacturers of the country, however, were not deceived by the methods resorted to, they well knew what was sure to follow. Manufacturers and business men are keen and sensitive, and when they realized that a free trade measure of some kind would become a law in a year or two at the farthest, that the spendable income of millions of laborers and consumers would be reduced or cut off altogether, that the cheap products of foreign mills would come to our shores, and that they would be plunged into a life-and-death struggle of competition with

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the manufacturers of Europe, they were compelled in self-defence, in response to and in keeping with the laws of trade and commerce, to curtail their productions and prepare for the leveling process which was to be forced upon them. To go on paying the former wage rate and piling up a large stock of goods at the former cost of production, ultimately to be offered for sale in competition with the cheap goods made by the poorly paid labor of foreign rivals, would bring certain ruin and bankruptcy. Merchants also well understood the situation, and postponed their purchases to buy more cheaply of importers. It would be unwise for them to be caught with large stocks of goods, made in American factories by American labor, when the day of lower prices should arrive, under ruinous free trade competition. The result of the election was a surprise to business men. During the prosperous years following the passage of the McKinley bill, they had made large purchases and done an extensive business without once thinking that the calamity which followed the election of Mr. Cleveland was so near at hand. Hence, a readjustment of business to the leveling process of free trade practically commenced on November 9, 1892, when the result of the election became known. All the magnificent results of the legislation of 1890 were to be destroyed. The reciprocity treaties were to be revoked. The sugar bounty would give way to a tax levied on every family. Our tin plate industry would be crippled if not destroyed. The sheep on our farms would be slaughtered. The mills of Lowell would be closed that the factories of Bradford might run full time. The duties on all competing manufactured articles were to be reduced to a point which would bring hundreds of millions of dollars' worth of goods from the factories of Europe to displace goods which had hitherto been made by our own labor. The only effective weapon of defence which our manufacturers had for resisting this invasion, would be found in a reduction of wages and profits. The statements of protectionists that this must necessarily occur, although it had been disputed, was now openly conceded by many leading free traders, as is shown by the following quotation.

The beginning of the panic.

On the seventeenth day of November, 1892, just nine days after the election of Mr. Cleveland, the New York Commercial Bulletin, a leading free trade journal, after showing that the new conditions which must result from the introduction of Mr. Cleveland's tariff policy, would for a time bring about falling markets, limited business, cautious buying, reduced stocks, and a shrinkage in values, said:

A low tariff means low wages.

The chief pressure of these transient disarrangements will be found to finally settle upon raw materials and labor. If the manufacturer has to accept a lower price for his product, he must either close his works or get compensation in a reduction of the costs of production, and that economy must be his first resort for self-protection. The producer of raw materials can have no choice but to accept his share of concession, at once if he must, later if he may. *Labor may be expected to yield its quota of concession*, grudgingly and tardily and possibly not without more or less disturbing

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resort to lock-outs and strikes. *Those who have taught workingmen that a reduction of tariff does not mean a relative reduction of wages have adulterated a great reform with a very paradoxical doctrine;* but we doubt whether they have succeeded to any great extent in misleading their pupils. It certainly does not require anything beyond the measure of intelligence with which the American workman is commonly credited to comprehend the accepted rule that, in the first place, if products are to be sold for less, the working producer must get less pay; and that, in the next place, if workmen concede in wages they will get full compensation in the cheapening of the products they have to buy, so that the net result to the earner is the same under low wages as under higher. But while we have no doubt that the mass of workmen are in a measure prepared for this equal change in wages and in prices when the new tariff comes into operation, yet it is a question whether they will readily accept any reduction of pay until the new tariff goes into effect. This may prove to be one of the most embarrassing features we shall have to encounter in approaching the new commercial policy.

The triumph of the Democratic party under these circumstances was at once accepted by Mr. Cleveland and the tariff reformers as a verdict in favor of free trade. The principles laid down in the Madison Square Garden speech and the letter of acceptance, were now ignored and the Chicago platform emerged from the campaign as expressing Democratic principles and the wishes of the majority of the American people. Mr. Cleveland in his inaugural address on the fourth of March, said:

The alleged evils of protection.

> The verdict of our voters which condemned the injustice of maintaining protection for protection's sake, enjoins upon the people's servants the duty of exposing and destroying the brood of kindred evils which are the unwholesome progeny of *paternalism*. *The lessons of paternalism* ought to be unlearned and the better lesson taught, that while the people should patriotically and cheerfully support their government, *its functions do not include the support of the people*. The acceptance of this principle leads to the refusal of *bounties* and *subsidies*, which burden the labor and thrift of a portion of our citizens to aid ill-advised or languishing industries in which they have no concern. While there should be no surrender of principle our task must be undertaken wisely and without vindictiveness. Our mission is not punishment but the rectification of wrongs.

The meaning of the phrase used by President Cleveland cannot be misunderstood. The "brood of kindred evils which are the unwholesome progeny of paternalism," relates definitely to protected industries. This was but a reiteration of the epithets long applied by free traders and is but another name for protection. The expression that "its [the government's] functions do not include the support of the people" merely re-asserts the principle held to by the French economists and forms an essential element of free trade, that the functions of governments are simply to preserve order, enforce contracts and leave the people under the law of "the survival of the fittest" to fight out the "struggle for existence," the weak to succumb to the strong. It involves the subjection of our labor and

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capital to the unrestricted competition of foreign rivals, to be supplanted and destroyed, or reduced to the level of the poorly paid wage-earners of Europe. It means that manufactured articles shall be made where they can be made the cheapest, regardless of the welfare of our own citizens. To place any other construction upon this declaration would be a reflection upon Mr. Cleveland's intelligence, more especially so since he has now spent years of study and reflection upon the question. The language used, although couched in technical and skillful free trade terms, could deceive no one familiar with free trade literature. These expressions which foreshadowed the future policy of the party, tended still further to alarm the business men of the country and increase the calamities which had already made their appearance. It was a notice to the industrial interests of the country to prepare themselves for the executioner's axe which was ready to fall on their necks.

The panic of 1893–4.

With this threatened assault upon the industries of the country, by men not only desperately bent on executing their purpose, but having the means by which to carry it out, it is idle to attribute the business crisis which immediately followed to causes other than the tariff policy of the Democratic party. Those familiar with the effect which low duties had had on our industries in years past could not mistake the inevitable results which were to follow. By the first of July, 1893, the panic had set in with all its intensity, grew more severe during the next winter and continued until the protective policy was restored. Capital became frightened, investments not only ceased, but money was fast withdrawn from productive industries. Millions of dollars of our domestic securities held in foreign countries were returned and thrown on our market, the gold reserve in the Treasury was constantly reduced, and the sale of bonds was begun for its maintenance. We were again on the verge of the disasters of 1857. During the winter of 1893–4 in New York City the Herald established a free clothing fund, and the World a free bread fund. In more respects than one did 1893 and 1894 resemble the last free trade period preceding. This time we had no gold discovery or foreign war or foreign famine to help us out, and the storm of free trade disaster burst in all its fury.

The following is from a statement of R. G. Dun & Co., at the close of the year:

> Starting with the largest trade ever known, mills crowded with work and all business stimulated by high hopes, the year of 1893 has proved, in sudden shrinkage of trade, in commercial disasters and depression of industries, the worst for fifty years. Whether the final results of the panic of 1837 were relatively more severe, the scanty records of that time do not clearly show. The year closes with the prices of many products the lowest ever known, with millions of workers seeking in vain for work, and with charity laboring to keep back suffering and starvation in all our cities.

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How like 1857 was 1893 can be seen from the following extracts from the messages of President Buchanan and President Cleveland:

FROM PRESIDENT BUCHANAN'S ANNUAL MESSAGE TO CONGRESS, 1857.

With unsurpassed plenty in all the productions and all the elements of natural wealth our manufacturers have suspended; our public works are retarded; our private enterprises of different kinds are abandoned; and thousands of useful laborers are thrown out of employment and reduced to want. We have possessed all the elements of material wealth in rich abundance, and yet, notwithstanding all these advantages, our country, in its monetary interest, is in a deplorable condition.

FROM PRESIDENT CLEVELAND'S ANNUAL MESSAGE TO CONGRESS, 1893.

With plenteous crops, with abundant promise of remunerative production and manufacture, with unusual invitation to safe investment, and with satisfactory assurance to business enterprise, suddenly financial fear and distrust have sprung up on every side. Numerous moneyed institutions have suspended . . . . Surviving corporations and individuals are content to keep in hand the money they are usually anxious to loan . . . . And loss and failure have involved every branch of business.

As President Buchanan feared, a loan was required and a second as well. President Cleveland, too, found it necessary to issue bonds.

Not only Mr. Cleveland but the Democratic press and members of Congress proclaimed the verdict of the people as a condemnation of the policy of protection and as a demand for free trade legislation. There was, however, a large element of the Democratic party that would not have given its support to Mr. Cleveland had his canvass been made in the Eastern and Middle States on the Chicago platform, instead of on his declaration "we will not destroy any industry." In speaking of this, Senator Gorman said, in the speech quoted from:

"*As I have once before said in the Senate, but for that declaration I do not believe Mr. Cleveland could have carried the country and been elected President of the United States.*"

The passage of the Wilson bill in the House.

Notwithstanding this fact the people found the free trade element of the Democratic party in power. Those Democratic members of Congress who, in appealing to their constituents for support, had claimed that they did not entertain free trade views, and that the industries of the country would be safe in the hands of their party, found themselves unable to control the Democratic caucus, and were forced either to abide by its decision or to place themselves in antagonism to the administration, with the loss of patronage to their friends and the disfavor which such action would incur. In the formation of the Cabinet, the organization of the House of Representatives and the appointment of the Ways and Means Committee, the free trade element of the party was placed in control. John G. Carlisle, of Kentucky, a member of the Cobden Club, was made Secretary of the Treasury. Mr. Crisp, of Georgia, was elected Speaker and appointed the following Ways and Means Committee, of

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which Mr. Wilson, of West Virginia, an ardent free trader, was made chairman. The members of the committee were, Democrats: Wilson, West Virginia; McMillin, Tennessee; Turner, Georgia; Montgomery, Kentucky; Whiting, Michigan; Cockran, New York; Stevens, Massachusetts; Bryan, Nebraska; Breckinridge, Kentucky; Bynum, Indiana; Tarsney, Missouri. Republicans: Reed, Maine; Burrows, Michigan; Payne, New York; Dalzell, Pennsylvania; Hopkins, Illinois; Gear, Iowa.

The Democratic members of this committee entered upon the work of framing a tariff bill with a reckless disregard for the industrial interests of the country. Petitions and memorials from laboring men, manufacturers and business men were ignored, while importers and representatives of foreign manufacturers were consulted in framing tariff schedules affecting the interests of American labor and capital. The policy of the legislators of France, Germany and Great Britain, in fact of all industrial countries, has been to seek advice from experienced manufacturers upon such questions, but the free trade Congressmen of the United States have adopted a policy quite the reverse. A bill, practically framed in the secret meetings of the Democratic members, was presented to Congress by the chairman, Mr. Wilson, and after a short debate was passed. All but seventeen Democratic members recorded their votes in its favor.

The Wilson bill a radical measure.

The measure, which became known as the Wilson bill, placed iron ore, bituminous coal, wool, cotton ties, binding twine, nearly all farm products and many other articles on the free list, and made most radical and sweeping reductions in import duties on the whole line of competing commodities. The bounty on sugar was repealed, as was the reciprocity paragraph of the McKinley bill. This was a more radical free trade measure than either the act of 1846 or that of 1857. In those acts protection was extended to the coal and iron miners, and a duty was placed on wool. Considering the fact that to-day there is a greater difference between the wages paid in the United States and competing foreign countries than existed prior to 1860; that since Continental Europe has developed a vast manufacturing system, competition has become sharper, and a larger surplus of products made in those countries is ready to be placed on our markets; the measure embodied more radical free trade principles than any other act passed by the Democratic party since 1833. Our industrial system had become so vast that this bill, if it had become a law, would have been most destructive in its results.

It should be borne in mind that its main purpose was to increase the imports of competing manufactures from Europe. It was expected and intended by its advocates, that many of our industries would be supplanted. Those which would be unable to live when protection was withdrawn were branded as "pauper industries." The Hon. John

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DeWitt Warner, a leading free trade member of the House, in a speech in its support January 10, 1894, said:

> If, however, in some cases it shall turn out to be as those who are engaged in them [our industries] fear, if whenever the support of taxation upon others is withdrawn from them they find that they can not make a living here, then all that workingmen of my district have to say is this: "If you are going away, go and God speed to you; for the quicker you go the better we will be off; if you are going to die here, die, and we will plant flowers over your grave; for your room is worth more than your company."

Dissension in the Democratic party.

This was greeted with loud applause on the Democratic side of the House. Whether Mr. Warner had a correct understanding of the sentiments of the workingmen of his district, is immaterial, the important fact is that the measure dealt a death-blow to many of our industries and the Democratic members were expressing their desire to put flowers on their graves. It may not be out of place, however, to state that in the election which followed the passage of this bill the workingmen were quite as anxious to put flowers on the grave of the Democratic party, and marked Mr. Wilson and many of his followers, as they had marked our industries, for destruction. When this measure reached the Senate, it met the opposition of four Democratic Senators. Senator Hill, of New York, opposed it on the ground that it contained a provision levying a tax on incomes; Senator Brice, of Ohio, Smith, of New Jersey, and Gorman, of Maryland, because it was in violation of Mr. Cleveland's promise and the assurance which had been given by the managers of the campaign that no American industry would be destroyed. The opposition of these Senators called down upon their heads the most violent denunciations of the Democratic press of the country. They were denounced as traitors to their party, and most scandalously vilified for attempting to stay the hand of free trade.

The Gorman-Wilson bill.

The Democratic party had forty-four Senators. The votes of forty-three were necessary to the passage of any tariff bill. The vote of Senator Hill could not be relied upon for the passage of any measure which imposed an income tax. Hence, a compromise was agreed upon which placed a moderate duty on coal, iron ore, and by over 600 amendments the duties were increased on competing imports; upon some, quite materially, and others, very slightly. The bill finally passed the Senate after a long debate in which the Republican Senators made the most able and gallant fight in defence of American industries that has ever been made in the halls of Congress since the government was organized. The lack of rules in the Senate and the long delay on the part of the Democratic Senators to reach a compromise, gave to the Republicans an opportunity in debate to discuss every phase of the bill, such as was not accorded to the Republican members in the House, who were so far in a minority that they were

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unable to obstruct and hold the bill until its iniquitous features could be fully exposed.

This measure, which became known as the Gorman-Wilson bill, passed the Senate and was returned to the House for concurrence in the amendments. After some delay and the expression of the most violent indignation by the free traders at the course of the few Senators who had given their ultimatum in the amendments, it was reluctantly accepted and passed the House. The Gorman-Wilson bill was a measure forced on the Democratic party by three Senators representing States whose interests could not be ignored with safety to themselves and their party. The Wilson bill, as framed and passed by the House, was the administration measure and represented the sentiments of a large majority of the Democratic party on the question. It discloses the character of the legislation which Mr. Cleveland and his associates would have forced upon the people, had the will and sentiment of their party prevailed. In considering the future attitude of the Democratic party upon this question, the Wilson bill must be taken as representing its policy and principles; while in considering the effect of low duties and an approach toward free trade upon the industries of the country, the reduction of duties under the Gorman-Wilson bill must be taken as a standard.

Democratic dissatisfaction with the Gorman-Wilson bill as too moderate a measure.

On July 2, 1894, when the bill was suspended in the Senate and its fate uncertain, Mr. Cleveland wrote a letter to Chairman Wilson, in which he said:

> There is no excuse for mistaking or misapprehending the feeling and temper of the rank and file of the Democracy. They are downcast under the assertion that their party fails in ability to manage the government, and they are apprehensive that efforts to bring about tariff reform may fail; but they are much more downcast and apprehensive in their fear that Democratic principles may be surrendered.
>
> Every true Democrat and every sincere tariff reformer knows that this bill, in its present form and as it will be submitted to the conference, falls far short of the consummation for which we have long labored, for which we have suffered defeat without discouragement; which, in its anticipation, gave us a rallying cry in our day of triumph, and which, in its promise of accomplishment, is so interwoven with Democratic pledges and Democratic success, that our abandonment of the cause or principles upon which it rests means party perfidy and party dishonor.

On August 27, 1894, in a letter written to Hon. T. C. Catchings, of Mississippi, he said:

> But there are provisions in this tariff bill which are not in the line with honest tariff reform, and it contains inconsistencies and crudities which ought not to appear in tariff laws or laws of any kind. Besides, there were, as you and I well know, incidents accompanying the passage of the bill through Congress which made every sincere tariff reformer unhappy, while influences surrounded it in its later stages, and interfered with its final construction, which ought not to be recognized or tolerated in Democratic tariff reform counsels.

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And yet, notwithstanding all its vicissitudes and all the bad treatment it received at the hands of pretended friends, it presents a vast improvement to existing conditions. It will certainly lighten many tariff burdens that now rest heavily upon the people. It is not only a barrier against the return of mad protection, but it furnishes a vantage ground from which must be waged further aggressive operations against protected monopoly and governmental favoritism.

I take my place with the rank and file of the Democratic party who believe in tariff reform, and who know what it is; who refuse to accept the results embodied in this bill at the close of the war; who are not blinded to the fact that the livery of Democratic tariff reform has been stolen and worn in the service of Republican protection, and who have marked the places where the deadly blight of treason has blasted the counsels of the brave in their hour of might.

Mr. Wilson said (Congressional Record, August 14, 1894): "So far as I am concerned, and I believe so far as the people with whom I am associated in this great work here are concerned, we do not intend to give up this fight."

Senator Mills said (Congressional Record of August 16, 1894):

We are going backward instead of forward. We do not at all accept this as a final settlement of the question of tariff reform. We have carried the outposts that defended the citadel of the enemy, and we intend to push the contest until we carry the gates of the city and sweep the streets of the enemy and take everything from him—remove all barriers and permit free trade all over the world.

The Hon. Henry Watterson, in the Louisville Courier Journal, said:

The Democratic party is irrevocably pledged to the obliteration of protectionism in all its forms from our revenue system, and we may be sure that it will not have ceased its consideration of the tariff nor close this interesting chapter in our domestic economy until the last obstruction to free commerce with the nations of the world has been removed. The conflict between free trade and protection is an irrepressible conflict.

The character of the Gorman-Wilson bill.

Space will not permit a presentation of all the provisions of the bill. Did we not have the Wilson bill with which to contrast the Senate bill the country would still be astonished at the length to which the Democratic party had gone in its mad career of destruction. The advantage secured to our foreign trade through the reciprocity treaties has been destroyed by repealing the provision which permits the government to enter into reciprocal arrangements for the admission of our produce into foreign countries upon favorable terms. From this it would seem that, while it is in harmony with tariff reform to give foreign producers advantages in our markets, it is a violation of its principles to secure advantages to our producers in their markets. The weapon by which we forced Germany and France to withdraw their restriction against our pork has been laid aside.

Wool was placed on the free list, while the duties on woolen goods were reduced to an ad valorem rate of less than 50 per cent, and the duties

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on the whole schedule of competing commodities were reduced so low that a reduction in wages was necessary in order to hold our home market; and even then we were being supplied with millions of dollars' worth of manufactured goods which had formerly been made in our own factories. Although it is difficult to compare schedules by percentages on account of fluctuation in prices, the following reductions in duties were reported by the government to have been made:

Plight of American producers.

Transferred from dutiable to free list	92	Articles
Reduced over 75 per cent	7	"
Reduced from 50 to 75 per cent	112	"
Reduced from 25 to 50 per cent	368	"
Reduced 25 per cent or less	250	"
Increased	53	"

Among those articles upon which duties were increased were sugar, shelled peanuts, seal oil, castile soap, molasses, dates, pineapples, olives, grapes, Zante currants, orange and lemon peel, cocoanuts, desiccated cocoanut, mineral waters, cork bark, acetic acid, collodion, alabaster, gimps, galloons, etc., bronze powder, bark for dyeing or tanning, and umbrella and parasol ribs.

The bill introduced by Mr. Wilson in the House of Representatives was passed by that body on February 1, 1894, the vote being 204 yeas and 140 nays, no affirmative vote having been given by a Republican, while 17 Democrats voted against the measure. After an almost daily discussion of the measure for three months, it was passed by the Senate in an amended form on July 3, by a vote of 39 yeas to 34 nays; the affirmative vote being made up of 2 Populists and 37 Democrats; while 1 Democrat, 2 Populists and 31 Republicans voted against it. It was then referred to a conference committee, which reported a disagreement on July 19. After continual meetings of this committee for nearly a month an agreement was reached and the House on August 13, adopted the Senate bill entire. Six Populists and 106 Democrats voted in the affirmative; and 12 Democrats and 94 Republicans, in the negative. The measure became a law on August 27, 1894, without the signature of the President, and is generally known as the "Wilson-Gorman" law; although it would be more fitting to place Mr. Gorman's name at its head and call it the "Gorman-Wilson" law; inasmuch as the rates of duty which were finally embodied therein were the work of four Democratic Senators, of which Mr. Gorman was the leader.

The Wilson bill becomes a law unsigned by the President.

The measure, as finally adopted, was very distasteful to the great majority of the Democratic members of Congress, who, like Mr. Wilson, favored not merely tariff reform, but absolute free trade. Although Mr. Wilson failed to accomplish all that he desired for the cause, his

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efforts were so eminently satisfactory to British manufacturers that, soon after the adjournment of Congress, they gave a banquet in England which Mr. Wilson attended as the guest of honor. Mr. Wilson, with President Cleveland, accepted the verdict of 1892 as a demand for the destruction of the protective policy. In his report as Chairman of the Ways and Means Committee, submitting the bill to the House, Mr. Wilson said:

> The American people . . . have deliberately and rightly decided that the existing tariff is wrong in principle and grievously unjust in operation. They have decided as free men must always decide, that the power of taxation has no rightful or constitutional exercise except for providing revenue for the support of the government.

Approaching the consequences by degrees.

This was free trade, pure and simple. It was a revival of the Calhoun doctrine, and Wilson's interpretation of the verdict of the people, although Mr. Cleveland had declared that they did not contemplate the precipitation of free trade. But the victory had been won by deception; and the free traders had decided to make the most of their opportunity.

Although Mr. Wilson made radical and sweeping reductions in existing duties, he was feeling his way and, therefore, was approaching by degrees the consequences which he realized must inevitably follow his work of destroying the protective system.

> "The bill on which the committee has expended much patience and anxious labor," says the Report, "is not offered as a complete response to the mandate of the American people. It no more professes to be purged of all protection than to be free of all errors in its complex and manifold details. However we may deny the existence of any legislative privilege or the right of any Congress to make such pledge for the continuance of duties that carry with them more or less acknowledged protection, we are forced to consider that great interests do exist whose existence and prosperity it is no part of our reform either to imperil or to curtail. We believe, and we have the warrant of our own past experience for believing that a reduction of duties will not injure, but will give more abundant life to all our great manufacturing industries, however much they may dread the change."

Where Mr. Wilson acquired his experience and knowledge of the history of the subject, we will not stop to inquire. The fact that he represented a rural constituency of West Virginia, and his utter lack of acquaintance with the conditions under which the great manufactories of the United States were being carried on, must account for his expression of the belief that the sweeping reductions which his measure proposed would not injure American industries. The following table shows the extent to which duties on some of the principal articles were to be reduced by the Wilson bill as it passed the House of Representatives:

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Article.	Percentage of Reduction.
Animals	100
Art works	100
Beverages	38.75
Books, maps	42
Brass and manufactures	31.2
Breadstuffs	100
Bristles	100
Brushes	62.5
Buttons	68
Carriages and parts	33
Cement	54.3
Chemicals	33.2
Clays, earths	100
Clocks, watches	44.4
Coal, coke	100
Corks, mfrs. of	52.6
Cotton and mfrs	56.3
Earthenware	56.6
Eggs	100
Feathers, flowers	51
Firecrackers	64.6
Flax, hemp and jute, unm'f'd	100
Flax, mfrs	48.86
Fruits and nuts	63.9
Furs and mfrs	48.78
Glass	56.3
Glue	60
Gold, silver and mfrs	34.27
Grease	100
Hay	100
Hops	53.3
India rubber	51.5
Iron, steel and mfrs	56.3
Lead and mfrs	56.3
Leather and mfrs	49.4
Marble, stone	58.6
Metals and compts	44
Mineral substances	100
Musical instruments	50.4
Oils	60
Paints, colors	34.6
Paper and mfrs	69.3
Provisions	100
Rice	63.5
Salt	100
Seeds	100
Shells	100
Silk, mfrs. of	46.4
Soap	46.4
Spices	51.6
Spirits, distilled	44.55
Sponges	50
Straw, mfrs. of	33.33
Tobacco, leaf	55.44
Tobacco, mfrd	60.88
Toys, marbles	28.5
Umbrellas	40.8
Vegetables	100
Wines	26.9
Wool, mfrs	73.9
Barley	66.66
Potatoes	40

Percentages of some reductions.

From December 19, 1893, when the Wilson bill was presented to the Committee of the Whole of the House of Representatives, until July 3, 1894, when the Senate bill, containing more moderate reductions, was passed by the Senate, our industries were threatened with a serious scaling down of tariff rates, which, if accomplished, would place the country substantially upon the basis of the free trade measure of 1857. American employers knew full well what the result of such legislation would be; especially since wages in the United States were more than 80 per cent higher in 1892 than they were in 1857. And although the scaling down process was less serious in the Senate bill which was finally accepted by the House, the resulting tariff law nevertheless, proved to be one of the most destructive ever enacted by Congress. In considering the effect upon wages and industries in the country, of the downward revision as finally accomplished at this session of Congress, atten-

One of the most destructive of tariff measures.

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tion must be given to the bill as finally passed. The following statement of a few of the principal reductions of duties made by the Senate bill, will give an idea of what Mr. Cleveland regarded as "falling far short of the consummation for which we [the Democrats] have long labored":

Senate bill and McKinley law compared.

	Rates by McKinley Bill.	Rates by Senate Bill.	Per cent of reduction of Senate bill over McKinley law.
Camphor, refined	12.20	10.00	18.03
Sumac, ext. of	23.24	10.00	56.97
Epsom salts	38.34	25.51	33.46
Castor oil	100.35	43.87	56.28
Codliver oil	28.65	20.00	30.19
Opium, prepared for smoking	169.65	84.82	50.00
Chromium colors	30.84	20.56	33.33
Ochre	19.64	16.37	16.66
Sienna	21.14	17.62	16.66
Umber	25.80	21.50	16.66
Spirits, varnishes	69.56	59.55	14.38
All other varnishes	35.00	25.00	28.57
Whiting, dry	142.43	71.24	50..00
Ground in oil (putty)	189.50	94.75	50.00
White lead	59.21	29.60	50.00
Nitrate of potash	21.32	10.66	50.00
Bicarbonate of soda	60.47	30.24	50.00
Bichromate of soda	50.00	25.00	50.00
Strychnia or strychnine	93.79	70.34	25.00
Sulphur, sublimed	28.66	20.00	20.22
Sumac, ground	19.81	10.00	49.52
China, painted, etc	60..00	35.00	41.67
China, plain	55.00	30.00	45.45
Bottles, empty	70.17	52.63	25.00
Bottles, filled	71.43	53.61	25.00
Demijohns, empty	37.91	28.43	25.00
Manufactures of glass	60.00	35.00	41.67
Cylinder glass, polished unsilvered	20 to 64	13 to 48	25 to 38
Plate glass, unsilvered, cast, etc	98 to 174	88 to 122	10 to 30
Plate glass, fluted, etc	49 to 64	37 to 43	25 to 33
Plate glass, cast, silvered, above 24x60	49.30	31.23	36.61
Cylinder and crown glass, silvered	43.88	27.79	36.67
Spectacle lenses	60.00	35.00	41.67
Stained or painted window glass	45.00	35.00	22.22
Roofing slate	25.00	20.00	20.00
Iron ore	42.77	22.77	46.67
Iron in pigs, etc	26 to 41	15 to 21	40.47
Scrap iron	47.83	28.47	40.43
Scrap steel	43.00	25.59	40.49
Bar iron	25 to 53	16 to 32	25 to 40

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	Rates by McKinley Bill.	Rates by Senate Bill.	Per cent of reduction of Senate bill over McKinley law.
Bars of rolled iron	61.77	44.93	27.25
Boiler or other plate, iron or steel	54.00	25.00	53.70
Rails of steel	58.24	33.90	41.64
Sheets of iron or steel, common or black	25 to 70	20 to 55	21 to 30
Tin plates	78.44	42.32	46.05
Tin, manufactures of	55.00	35.00	36.36
Steel, ingots, etc	29 to 50	20 to 40	20 to 35
Wire rods	34.00	22.67	33.33
Cast iron vessels, etc	26.97	17.98	33.33
Malleable iron castings	31.83	16.37	48.57
Hollowware	35.33	23.55	33.34
Chains	47.28	30.00	36.55
Firearms	41 to 80	30.00	27 to 62
Nails	23 to 46	25 to 30	4 to 46
Railway fishplates	72.18	25.00	65.36
Hand, back, and other saws	40.00	25.00	37.50
Screws	47 to 111	33 to 67	28 to 40
Wheels	83.72	41.86	50.00
Plates, rolled, brasiers' copper	35.00	20.00	42.86
Gold leaf	44.87	30.00	33.14
Silver leaf	77.78	30.00	61.43
Lead sheets	36.65	18.33	50.00
Nickel	23.77	14.26	40.00
Gold pens	30.00	25.00	16.67
Penholders and parts of	30.00	25.00	16.67
Pins	30.00	25.00	16.67
Zinc in sheets	29.19	14.50	50.00
Manufactures of metal	45.00	35.00	22.22
Shooks and boxes	30.00	20.00	33.33
Casks and barrels	30.00	20.00	33.33
Clocks of wood	35.00	25.00	28.57
Apples	33.93	20.00	41.06
Lard	23.72	11.86	50.00
Poultry, live	32.51	21.67	33.34
Poultry, dressed	53.93	32.34	40.03
Sage	171.10	57.03	66.67
Flax and hemp, and tow of, not hackled	Various rates	Free	100.00
Bristles	10.67	8.10	25.00
Feathers, dressed	50.00	35.00	30.00
Fish, herring, mackerel, salmon and others	30.00	20.00	33.33
Pickled, or salted in barrels	24.62	19.82	24.98
Nursery stock	20.00	Free	100.00
Agricultural implements	45.00	Free	100.00
Wool	Various rates	Free	100.00
Horses, worth less than 150 each	31.55	20.00	36.61
Worth more than $150	30.00	20.00	33.33

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	Rates by McKinley Bill.	Rates by Senate Bill.	Per cent of reduction of Senate bill over McKinley law.
Mules	93.26	20.00	78.55
Cattle, one year old and less	43.53	20.10	54.05
Sheep, less than a year old	22.01	20.00	9.13
Over one year	25.35	20.00	21.10
Tobacco, wrapper, not stemmed	238.68	179.01	25.00
Stemmed	89.93	73.10	18.71
Barley	64.68	30.00	53.62
Buckwheat	37.00	20.00	45.95
Corn	22.20	20.00	9.91
Cornmeal	24.58	20.00	18.63
Oats	35.90	20.00	44.43
Wheat	20.42	20.00	2.05
Raisins	52.42	31.44	40.02
Butter	32.88	21.92	33.33
Cheese	42.96	28.64	33.33
Milk, condensed	33.92	22.62	33.31
Beans	40.63	20.00	50.78
Eggs	41.29	24.78	40.00
Hay	43.31	21.65	50.00
Hops	36.21	19.28	46.76
Rice, cleaned	111.85	83.89	25.00
Rice, uncleaned	64.19	41.06	20.00
Honey	44.83	22.42	49.99
Oranges, lemons and limes	12 to 31	12 to 32	.....
Comfits, sweetmeats, etc	35.00	30.00	14.29
Nuts, not shelled (almonds)	51.34	30.80	40.01
Nuts, shelled (almonds)	42.42	28.28	33.33
Filberts, not shelled	72.86	20.00	72.85
Peanuts, unshelled	72.86	20.00	72.85
Extract of meat	17.95	15.00	10.87
Spirits, distilled	91 to 367	65 to 264	28.00
Cotton cloth, not over 100 threads, not bleached	35.17	25.05	37.39
do bleached	38.60	26.53	31.27
do dyed, colored, etc	40.80	30.54	25.15
Exceeding 100 threads, not bleached	42.39	32.39	23.59
Bleached	43.27	35.00	18.88
Dyed, etc	43.84	38.84	11.40
Cables, cordage, and twine	16 to 31	10 to 20	40 to 67
Bagging for cotton	32.52	Free	100.00
Woolen yarns	278.66	30.00	89.23
Shawls, woolen, not above 40c. per pound	150.30	35.00	76.71
Knit fabrics, not above 40c. per pound	136.00	35.00	74.27
Blankets	80 to 104	35.00	66 to 71
Hats of wool	86 to 106	35.00	72.00
Flannels, not over 50c. per pound	85 to 104	25 to 35	66 to 71
Silk, partially manufactured	60.50	20.00	66.94

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	Rates by McKinley Bill.	Rates by Senate Bill.	Per cent of reduction of Senate bill over McKinley law.
Silk, webbings, gorings, etc	50.00	45.00	10.00
Silk buttons	50.00	45.00	10.00
Silk dress goods	50.00	45.00	10.00
Silk ribbons	50.00	45.00	10.00
All other silk	50.00	45.00	10.00
Writing, drawing and other paper	25.00	20.00	20.00
Dolls and other toys	35.00	25.00	28.57
Emery	25.19	20.15	20.00
Firecrackers	147.32	50.00	66.06
Coal, bituminous	22.72	12.12	46.65
Slack or culm of coal	28.68	14.34	50.60
Coke	20.00	15.00	25.00
Matches	33.93	20.00	41.06
Haircloth, known as crinoline cloth	27.99	20.99	25.00
Haircloth, known as hair seating	23.22	15.46	33.33
Leather, band or belting, and sole	10.00	10.00	.....
Leather, calfskins, japanned	30.00	20.00	33.33
Leather, all not specially provided for	10.00	10.00	.....
Boots and shoes	25.00	20.00	20.00
Manufacture of India rubber	30.00	25.00	14.29
Umbrellas, covered with silk or alpaca	55.00	45.00	18.13
Burrstone, manufactured	15.00	Free	100.00
Composition metal, copper	6.49	Free	100.00
Plates of copper, not rolled, etc	11.30	Free	100.00
Cider	18.52	Free	100.00
Binding twine	6.47	Free	100.00
Paintings in oil or water colors	15.00	Free	100.00
Statuary	15.00	Free	100.00
Hatters' plush	10.00	Free	100.00
Rough, hewn and sawed lumber, lath, shingles, etc.	Various rates	Free	100.00
Agricultural implements	45.00	Free	100.00

Items Increased.

The following are all the increases of duty:

	McKinley.	Senate.	Per cent of Increase.
Acetic acid	13.19	20.00	51.63
Alcoholic compounds	163.43	188.43	15.29
Bark for dyeing, other than hemlock	8.28	10.00	20.77
Wire cord for cord clothing	35.00	40.00	14.29
Galvanized wire rope, made of wire smaller than No. 16, and not smaller than No. 26, wire, gauge	53.60	55.00	2.61

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	Rates by McKinley Bill.	Rates by Senate Bill.	Per cent of reduction of Senate bill over McKinley law.
Wire rope, made of steel wire smaller than No. 16, and not smaller than No. 26	47.66	51.21	7.45
Smaller than No. 26 wire gauge	13.67	42.73	212.58
Wire cloths and nettings, made of galvanized wire, smaller than No. 10 and not smaller than No. 16 wire gauge	24.34	44.97	81.04
Rivets of iron or steel	20.73	25.00	20.31
Umbrella and parasol parts made of iron or steel	45.00	50.00	11.11
Bronze powder	36.26	40.00	10.31
Sawed cabinet woods	15.00	25.00	66.66
Molasses	Free	15.54	100.00
Sugar, not above No. 16 Dutch standard	Free	40.00	100.00
Sugar, refined	12.86	43.21	236.00
When export bounty is paid in excess of that paid on raw sugar	16.12	40.07	185.79
Maple sugar	6.20	41.52	569.63
Hogs	12.03	20.00	66.25
Barley malt	36.30	40.00	10.19
Barley, pearled, patent or hulled	15.95	30.00	88.00
Rye	4.94	20.00	304.86
Grapes	19.62	20.00	1.94
Orange and lemon peel, preserved or candied	29.92	30.00	2.67
Peanuts, shelled	16.82	20.00	18.91
Cocoanuts	Free	20.00	100.00
Currants, Zante	Free	41.97	100.00
Dates	Free	20.00	100.00
Pineapples	Free	20.00	100.00
Olives	Free	20.00	100.00
Orchids and flowers	Free	10.00	100.00
Mutton, fresh	17.13	20.00	16.75
Meats, dressed or undressed, but not otherwise prepared	10.00	20.00	100.00
Hemp and jute carpets	15.83	20.00	26.34
Hose, linen	34.31	40.00	14.22
Precious stones, cut but not set	10.00	25.00	150.00
Diamonds	Free	10.00	100.00

Mr. Cleveland displeased with the moderation of the Wilson bill.

Because, in the small degree of protection which they preserved, the duties embodied in the Senate bill were still high enough to save American industries from total destruction, Mr. Cleveland declared: "The livery of Democratic tariff reform has been stolen and worn in the service of Republican protection." And: "The councils of the brave in their hour of might were blasted by the blight of treason."

Senators Gorman, Bryce, Smith and Hill, in staying the hand of free trade and checking Mr. Wilson and Mr. Cleveland's deadly assault,

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were attempting, in part, at least, to carry out the pledge which Mr. Cleveland gave to the American people in the campaign of 1892, when he said, "We will not destroy any American industry."

The Gorman-Wilson law was in operation from August 27, 1894, until superseded by the Dingley law, July 24, 1897. The threat of free trade which hung over the country, from the moment of Mr. Cleveland's inaugural address on the 4th of March, 1893, in which he served notice on the American people that the protective policy was to be overthrown, until the enactment of the Senate bill, caused one of the most destructive panics and periods of depression in business which had been inflicted on the country since the formation of the government. And when the low-tariff law itself, with its heavy reduction of protective duties, placed our industries on an entirely new basis and one compelling lower wages, this introductory period of panic and depression was followed by hard times which continued until protection was restored in 1897. The policy of the Democratic party was well defined and had for its purpose such a reduction of duties as would operate greatly to increase imports of competing manufactures. Although, as we have said, the Senate bill was more moderate than the House bill, both measures were designed and intended to give greater employment to labor abroad and less to labor at home.

Roger Q. Mills, a distinguished advocate of free trade, in a speech delivered in the Senate on April 28, 1894, predicted that if the bill became a law it would increase the imports of competing manufactures by $300,000,000. He said:

Mr. Mills wants increased imports.

Mr. President, when we prevent things from coming to this country we prevent an equal amount of things from going away from this country. There can be no trade except by the exchange of two or more things. You cannot conceive of a trade that does not require at least two things to be exchanged.

When we see that Great Britain is taking 52 per cent of her wheat from the fields of the United States and we are imposing a duty upon her woolen and cotton, and iron and steel, and glass, and other goods, it is easy to be seen that we are keeping away many millions of her products that would come here and exchange for our wheat, and thus keeping at home an equal amount of our wheat. . . .

If we open the market and remove the obstruction in the way of importation and permit importation to come unchallenged to the country, what would be the first effect of it? Increased exportation, preceded by increased demand for cotton, wheat, and provisions. What would follow from that? Increased prices of agricultural products? Mr. President, the very same products which we export now, and which bring us $799,000,000, would then bring us $150,000,000 more. We find that, when importations fall off prices fall from 18 to 20 per cent, and when importations flow in the prices of agricultural products rise 18 or 20 per cent or more. The same quantity of products we now send abroad and sell for $799,000,000 we would sell for more than $900,000,000. Then all these millions of bushels of waste wheat, waste corn, waste oats, and other farm products would find a profit-

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able market for their sale. Our importations would increase largely. With open markets I do not doubt but that they would increase $300,000,000. It was said in another place that if this bill were passed it would increase our imports $250,000,000, and that would result in great injury to our manufacturers and throw out of employment thousands of operatives and reduce the wages of hundreds of thousands more. I hope the bill will pass, and that it will increase our imports $300,000,000.

If we shall have fairly good crops this year and the pending bill shall become a law, importations will largely increase; and if the crop of the year equals that of 1891, the increase of importations will go to $300,000,000, and if it does exports will increase to the same extent.

Mr. Mills and Cobdenism.

This speech will remind the reader of the prophecies and fallacies which Richard Cobden and the members of the Anti-Corn Law League used to the farmers of England, to induce them to abandon protection in 1846. The first paragraph quoted from Mr. Mills, that "you cannot conceive of a trade that does not require at least two persons to make it, and you cannot conceive of a trade that does not require at least two things to be exchanged," is very true, yet one of the things exchanged may be gold; but this was not the idea which Mr. Mills intended to convey, as is shown by what follows. He intended to convince the Senate that the increased imports of consumable commodities would necessarily be paid for by exports of commodities made in our factories and raised on our farms. The experience of all nations shows that this has not occurred under free trade or low duties in any country that has tried the experiment. England buys $600,000,000 more than she sells.

Exports fall; imports rise.

Within two years, the experience under the law demonstrated that Mr. Mills was a false prophet; at least, so far as increase of exports was concerned. For exports of merchandise from the United States decreased from $869,204,937 in 1894 to $793,392,599 in 1895, a falling off of $75,812,338 in a single year.[1] On the other hand, Mr. Mills's prediction that the bill would increase imports of competing commodities was fully verified, since our imports increased from $694,994,622 in 1894, to $731,969,965 in 1895, or to the extent of $36,975,343.[2] Moreover, while American workingmen were idle, those of England, especially of Bradford, the great city of woolen industries, were given more work. This was shown by the exports, from the United Kingdom to the United States, of articles manufactured or partly manufactured, which increased from $79,688,141 in 1894, to $120,926,412, in 1895, a large part of which increase was made up of woolen and worsted manufactures, our imports of which from Great Britain amounted to $8,167,006, in 1894, and $32,348,808 in 1895. Manufactures of cotton, earthen and chinaware, glass, hardware and cutlery, hats, and many other articles produced by English workingmen, made up the remainder of the large

[1] Stat. Abs. U. S., 32nd number, p. 336. [2] Ib.

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imports from England encouraged by the Gorman-Wilson law, which imports, it should be particularly noted, took place at a time when the American market was already greatly depressed, and hence inflicted tenfold more injury upon the country than would have occurred if the same quantity of goods had been imported in prosperous times when the purchasing power of the people was ample and the demand therefor great.

The logical end of tariff reform was a reduction in wages and a demoralization of industries. It was a condition and not a theory which now confronted the American people.

The Panic of 1893.

The people could not but foresee the result of assaults which were to be made upon the industries of the country, threatened by men desperately bent upon executing their purpose, and with sufficient votes to carry it out. President Cleveland had served notice upon employers that protection was to be destroyed and that wages must be reduced. He had warned importers to cease importing until duties were lowered, and wholesale and retail merchants not to buy American manufactures, but rather to wait until the agents of foreigners appeared to solicit their orders. This was the plain effect of what Mr. Cleveland said in his inaugural address; and what the people understood him to say. Nine days after Mr. Cleveland's election the New York *Commercial Bulletin*, a free trade journal, informed American workingmen that "labor may be expected to yield its quota of concession," and that "those who have taught workingmen that a reduction of the tariff does not mean a *relative reduction of wages* have adulterated a *great reform with a very paradoxical doctrine.*"

What the people understood.

The earnings and incomes of the millions of American wage earners were to be reduced; how much, no one could tell. Had such an edict been issued by the Sultan of Turkey or the Czar of Russia, instead of by the president of a constitutional republic, it would have been denounced as one of the most barbarous acts of tyranny recorded in history. What was the result? What had to be the result? The history of the world, the experience of mankind, furnished but one answer. Every financier; every business man; every employer, and every laborer knew what the result must be. Take any village in the United States having an industry upon which the people depend for employment, and let some circumstance cause a reduction in wages or the discharge of laborers in that industry, and the whole community is struck with an industrial paralysis which brings want and suffering to nearly every family in it. The nation is simply a larger community, controlled by the same economic laws; therefore, like causes produce like effects in both.

Knew the result.

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A Reduction of the Tariff Forced a Reduction in Wages.

In 1892, the 66,000,000 people of the United States had accumulated over $75,000,000,000 in wealth; and had $1,500,000,000 of money in circulation. The annual bank clearings had reached the then astounding sum of $60,883,000,000. The receipts of the government were ample; they had increased from $333,526,000 in 1880 to over $400,000,000 in 1890; and, by the enactment of the McKinley law, duties were so reduced that over $40,000,000 of revenue taxes had been released, leaving, in 1892, receipts of $354,937,000. Under the protective policy the government, for years, had paid off the national debt at the rate of $5,701,114 per month; and in 1892 there was a surplus in the treasury of over $9,000,000 above its ordinary expenses, together with $106,000,000 of silver coin and bullion and $255,577,000 of gold. With the banks of the country overflowing with money, labor fully employed at high wages, and trade, commerce and industry in a flourishing condition, there was not a cloud to be seen threatening the sunlight of prosperity. Our manufacturers, in 1890, turned out products valued at $9,372,437,283; consumed raw materials of the value of $5,162,044,076, and thereby gave constant employment to 4,712,622 laborers, paying them wages to the amount of $2,283,216,529.

Surprising industrial prosperity in 1892.

The Republican party stood guard over the industries of the country from March 4, 1861, until March 4, 1893. It so perfected the protective system that the American people reached the highest wage-scale in the history of the world, and became the greatest manufacturing and commercial nation in Christendom. While slight financial disturbances had taken place, the security of the producing forces of the country made such troubles of short duration and the country soon returned to its usual state of industrial prosperity.

The plane of life more than 150 per cent higher than in Europe.

Our foreign trade grew by leaps and bounds. Manufacturing, agriculture and commerce were prosperous and adjusted to the high wage-scale prevailing due to the protective policy. At the close of this period of more than thirty years of industrial peace, the prices of manufactured articles and of farm produce, as well as the values of all other kinds of property, had become established; and our industrial life had been elevated to a plane of material well-being and to a mode of living more than 150 per cent higher than that prevailing in the United Kingdom and continental Europe.

With the nation standing upon this high eminence of wages, our industrial life would have remained strong, vigorous and independent so long as those protective barriers which had shielded our industries from foreign competition were maintained. With these barriers swept away, however, and the 66,000,000 people of the United States subjected

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to the competition of over 300,000,000 people of the Old World, having the accumulated capital of centuries and factories employing the most modern methods and equipped with the best machinery, operated with the highest skill and efficiency, by artisans born and bred to industrial occupations, but one result could follow: wages and profits, throughout the whole industrial fabric of the United States, would have to go down towards the level of wages and profits in the Old World. And this was precisely what occurred. The immediate effect of this leveling process was the complete disorganization of labor and industry. That this is the necessary and inevitable consequence of a reduction of a protective tariff is not questioned by able and honest free trade economists.

The events of the American period from 1895 to 1897 are fresh in the minds of many now living. By President Cleveland's inaugural address and by the fact that for the execution of his tariff leveling plan he had back of him a majority both in the House of Representatives and in the Senate, wise manufacturers and business men were sufficiently warned of what was coming. Therefore, both wholesale and jobbing merchants immediately ceased buying of American manufacturers and held themselves in readiness to make their purchases from the cargoes of goods made by the poorly paid labor of Europe, which Mr. Cleveland virtually had promised them would, in due time, be freighted to our markets. Thus the demand for American made goods fell off; and manufacturers, being unable to sell their products readily, either closed their mills entirely or ran them only when necessary to fill immediate and pressing orders; for it was merely business suicide for them to go on paying American wages and piling up quantities of goods which, within a few months, they must sell in competition with similar articles brought in from abroad. The consequence of this slackening of industry was that our cities were soon filled with unemployed labor; the spendable incomes of the people were either largely diminished or entirely cut off; everybody economized in food and clothing. Many families were broken up, the members separating and seeking shelter with better-to-do relatives. On the highways leading from our cities to the rural districts might be seen whole families moving back to the country. Houses were vacated and signs "To let" were conspicuous in the windows of houses and apartments which for years had been occupied by industrious and well-employed people. Real estate depreciated in value; landlords lost the rental of tenements; repairs of buildings ceased; carpenters, masons, bricklayers, plumbers and all those laborers, who, the free trader claims, receive no benefits from protection, were idle and were suffering the common lot of those who had been employed in protected industries. The business of banks, of insurance companies,

Merchants cease buying American products.

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and railroads, of great mercantile houses, and of small retail merchants, as well as that of the producers of raw materials, was indiscriminately sucked down into the tariff reform maelstrom of wreck and ruin. For the leveling-down process worked like an epidemic, carrying its disease-germs to the very vitals of the nation; and for more than three years the whole American people were on the operating table, being experimented on and their vital organs cut up by free trade doctors. Even the free traders of the country were soon compelled to admit the truth of the situation and concede that tariff reductions in America must fall on American labor; that capital could take care of itself; and that, after all, the raid which was being made ostensibly on the protective policy was in reality a blow at wages.

In reality a blow at wages.

The necessity of reducing wages in order to make cheaper goods, and thereby hold our own markets or increase our sales abroad, was recognized and pointed out by the Journal of Commerce and Commercial Bulletin, a leading free trade journal of the United States, Monday, November 5, 1894, in an editorial headed "High Wages and Low Interest." The editorial begins by saying: "When wages are high the only legitimate reason is that business is prosperous, production active, and profits thereon satisfactory. If wages are high when these conditions do not exist, then they are wrongfully high and cannot long remain so."

Speaking of the low rate of interest, the lack of demand for capital, it says:

> It means that enterprise is not yielding its usual return of profit, or that there are unusual risks attending business, or that there is a reduction in the national capacity for consumption, or that all these causes combined are at work. . . . It is a serious condition of affairs when the employers of capital do not care to accept the use of it, although it can be had for virtually nothing. The solution of the anomaly is that at the time being, it is worth nothing for use, that there is a large surplus of it for which there is no growth of industry or trade to provide employment.

A free trade paper calls for wage reductions.

Proceeding to show the increase in the earnings of our laboring population during ten years (1880 to 1890), the high wages received and also the decline in the price of commodities which had taken place, this journal called upon the laboring men of the United States to adjust themselves to the new industrial conditions, by consenting to a reduction in wages, and said:

> Reviewing, in the light of the facts, the position of capital and labor respectively for the last half generation, it is thus evident that, relatively, labor has had much the best of it in the co-partnership of the two interests. It is beyond question that at no previous period has labor been so prosperous as during the years under

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review. Within the same period the earnings of capital have been diminishing; and to-day industrial capitalists have to confront problems and a situation of unusual seriousness. What is to be done under these circumstances? Is labor to still absorb the profits, and is capital to surrender its rewards? This is no question of sentiment on either the one side or the other. It must be determined by the natural laws controlling the market value of labor. The first phase of that solution is already here. Capital is standing aloof from production until it can make a profit out of it. That is its only means of self-protection. Its contraction of work will express itself in the non-employment of labor; and idleness in the ranks of the unions will prove more potent as a means of readjusting wages than all the harangues of labor leaders and the compulsions of strikes. *Every day of the present scale of wages means so much more loss to employers, and therefore so much more curtailment of production.* It remains with the unions to determine to what lengths they will carry their insistence upon a scale of pay that is incompatible with the maintenance of industrial activity. It is within their power to make the industrial situation much worse than it already is; but if they choose a policy of short-sighted exaction, they can only expect that the consequences will fall with tenfold greater effect upon themselves than on any other class. By a timely yielding, they may impart an immediate revival to trade; by persistence they will invite a reaction which can only put them at the utmost disadvantage in a later readjustment. *An average reduction of 20 per cent in wages is demanded by the necessities of employers and equally by the true interest of labor.* With that, we might expect a general revival of business; if it be not quickly conceded, we must wait until worse conditions compel the concession.

The kernel of Cobdenism.

This announces the very kernel of Cobdenism. By reducing wages and degrading labor our industries are to be defended and carried on. By this means alone are we to encourage the building of factories and the investment of capital. By robbing labor, profits on capital are made possible. This infamous doctrine is termed "Tariff Reform."

Striking first at capital, by bringing into the field foreign competitors that destroyed profits and closed mills, it then called upon the wage-earner to yield to the inevitable and consent to a further reduction in wages; and this at a time when wages had already been reduced from 10 to 20 per cent, and labor still remained unemployed.

Instead of giving new vigor and life to the industries of the country, it acts as a blight on prosperity, and its leveling process brings bankruptcy to employers, and misery and want to the households of labor. The same results followed free trade in England. Mongredien in speaking of the depression of trade which has existed in Great Britain since 1874, although attributing it to a reaction in business following a period of prosperity, and thus ignoring the excessive competition which had set in from the Continent, as related by the British manufacturers, refers to the reduction in wages as the operation of a natural law. He says:

Mongredien and falling wages.

When, after the unnatural inflation, demand subsided into its legitimate channels, wages gradually fell, and have continued to fall in sympathy with, but hardly in the same proportion as, the profits of capital and the prices of com-

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modities. Against this decline the wage receivers have (as is natural and excusable) fought inch by inch. By concerted action, by strikes, by the partial adoption of co-operation, and by every weapon which trade unionism put in their hands, they opposed all the resistance in their power to the reduction of the wages. But the irresistible course of events proved too strong for them, and they had to yield.[1]

On November 29, 1886, John Bright conceded the vital point in the controversy, by admitting that the only way under free trade by which destructive competition can be met and home factories preserved, is by a reduction of wages. He had been written to by a gentleman from Nottingham calling his attention to the fact that the lace industry was being ruined by competition; that machinery and factories were being removed from England, and asked for his opinion as to how the difficulty might be met. Replying in a letter of the above date, he said:

The Cobdenism of John Bright.

I fear that I can write nothing that will be of service to you in the circumstances you describe. If your manufacturers are unable to compete with their rivals in other parts of the country, or in foreign countries, their business must be unprosperous, and may gradually decay. If the cause of this be in the high wages claimed and paid in your town, unless wages in other parts can be raised, it would seem to follow that your trade can only be preserved by a reduction of your wages, or by some other diminution of the cost of manufacturing if such be possible. . . . If trades unions, for example, insist on wages which a trade cannot pay, the particular trade may, and indeed must, suffer—must become unprosperous, and may decay and be driven to some other district where labor is free from the interference and unwise restrictions of combinations of workmen. If any given trade is being removed from your town, if machinery is being taken down in Nottingham to be set up in some other town or district, it must be known to your workmen, and they surely will not be long in discovering their true interests in the question.[2]

This was the cold comfort received from the great apostle of free trade, forty years after he had stood in parliament with Richard Cobden and advocated the mistaken notion that the superior efficiency of the British artisan would enable him to outstrip all rivals and maintain the advancing wage rate which he had enjoyed under protection.

The same economic causes produced the same results in America. A reduction of the standard of protective duties to which the wages and business of the country had become adjusted, naturally and inevitably resulted in a corresponding reduction of the wages of workingmen. The tariff reform movement, therefore, for the triumph of which Mr. Cleveland and his party had struggled, and to the support of which they had won a majority of the American people, when finally tested by the inexorable laws of trade, brought the greatest calamity upon the workingmen of America that could possibly befall them, namely, a reduction of their daily and hourly wages; a diminution of their employment, and

[1] Free Trade and English Commerce, pp. 69, 70.
[2] Fair Trade Journal, vol. ii., p. 92.

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an invasion of their right of property in their labor which for years they had struggled to secure the recognition of. This inevitable result, flowing from a practical application of the tariff reform policy, was predicted by McKinley, Reed, Harrison, Blaine and all of the great defenders of the cause of protection, whose forecast was not only now demonstrated to be true, but conceded by the fairest and most able advocates of Mr. Cleveland's policy.

The result predicted by eminent authority.

That a reduction of protection must inevitably have the effect of disrupting the established conditions to which the labor and capital of the country have become adjusted and result in great destruction of property and national loss, is conceded by the most eminent free trade writers. The proposition is asserted in the article on free trade published in the Encyclopedia Britannica of 1879, as follows:

> But the removal of protection would in most cases, however great a benefit to the consumer, inflict considerable loss on employers and laborers, since they would be subjected to a competition in which it is probable they would be worsted. . . . Hence it is exceedingly difficult and invidious to alter a system to which capital and labor have accommodated themselves; and it may be stated generally that all the arguments by which an existing protection is defended, however plausible and convenient they may be, are mere sophistry, though very often unconscious of sophistry; while the prospect that the sudden suspension of protection to manufactures would seriously disturb the relations of employer and laborers, and would very probably lead to a great destruction of property, points to a real difficulty, which the advocates of free trade will always find confronting them.

British authority on primary destructive effects of free trade.

Continuing the writer says:

> Statesmen may well be excused from venturing on economic changes of a vast and extended character, . . . for a period of change, however beneficent it may be in the end, is almost invariably accompanied by temporary and severe loss.

Henry Fawcett, an eminent free trade economist, in his Manual of Political Economy, page 394, says that the cotton operatives in America "would argue that if the cotton manufacture should cease in America, he would lose the advantage of his acquired skill; he would be compelled to resort to some employment to which he was not accustomed and in which he would consequently obtain lower wages. It is only fair to acknowledge that their allegations may be true."

The Result.

In calculating the results of the Gorman-Wilson tariff, we must consider the indirect as well as the direct effects; for the anticipation

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of the law brought evils that should not be ignored in estimating the actual effect of the law itself.

The first indications of a financial panic and industrial depression, were shown in the great financial institutions of the country. The idle workingmen began to withdraw their savings, and it was apparent that, in a few months, millions more would have to be withdrawn. The consequence was that nearly every savings bank in the United States either suspended payment or refused to pay depositors more than a limited amount. During the year 1893 over $34,000,000 was drawn from the savings banks of New York State, in excess of the amount deposited. From May 4, to October 3, 1893, nearly $400,000,000 was withdrawn from national banks, and over $300,000,000 in loans were called in. Mr. David A. Wells estimated that a loss of between one and two billions of dollars was sustained by the laboring people of the country during 1893. By July 1, 1893, over 300 banking institutions had failed or suspended, and, on August 15, the New York *Herald* had the following headlines, which conveyed an idea of the situation at that time:

David A. Wells on Gorman-Wilson loss to laboring people.

> Fifty thousand out of work in Chicago and thousands more will be laid off.
> Cincinnati workers in the building trades have 5000 men out of work.
> More than half the wage earners in and around Pittsburgh have been laid off.
> Five thousand men out of work in San Francisco, and much distress prevails.
> Ten thousand men idle in Buffalo, owing to financial stringency.
> All trades in Philadelphia affected, and many are laid off.

An industrial census taken by the American Protective Tariff League in September, 1893, showed that there had been a decrease in labor since November 5, 1892, of 62 per cent, a decrease in wages during the same time of 69 per cent, and a decrease in business of about 50 per cent. This loss of business had of course affected the railroads, and the Interstate Commerce Commission, in its report of 1895, stated that for the first time that office had been called upon to report a decrease in the number of railroad employes, fully 100,000 men having been laid off in 1893. The financial and industrial panic became widespread, and its effect can be no more clearly shown than in the figures of failures. In 1892 the number of failures was 10,344, with liabilities amounting to $114,044,167. In 1893 the number of failure was 15,242, with liabilities amounting to $346,779,889.

The financial and industrial panic widespread.

It is now in order to give one or two specific examples of the ruinous effects of the so-called Gorman-Wilson tariff. For the first time in our history since 1824, except from 1857 to 1861, wool was put on the free list, and its effect upon the sheep and wool industry of the country was most disastrous, as can be seen by the following table:

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WOOL PRODUCTION, IMPORTS, CONSUMPTION, AND MANUFACTURE IN THE UNITED STATES; ALSO PRICE OF WOOL AND VALUE OF SHEEP ON FARMS, 1890 TO 1902.

[From the Statistical Abstract of the United States, 1903.]

Year ending June 30.	Production. Wool Pounds.	Imports. Wool Pounds.	Per cent of consumption, foreign.	Value of imports of wool, and manufactures of.		Price of fine washed clothing, Ohio fleece, per pound.	Sheep on farms in the United States.	
				Wool, raw.	Manufactures of wool.		Number.	Value.
1890	276,000,000	105,431,285	27.0	$18,231,372	$41,060,080	31 cts.	43,421,136	$108,397,440
1891	285,000,090	129,303,648	30.8	19,688,108	35,656,879	29	44,938,365	116,121,290
1892	294,000,000	148,670,652	33.1	21,064,180	38,048,515	23	47,273,553	125,909,260
1893	303,153,000	172,433,838	35.7	6,107,438	19,439,372	19	45,048,017	89,186,110
1894	298,057,384	55,152,585	14.2	25,556,421	38,539,890	18	42,294,064	66,685,767
1895	309,748,000	206,033,906	40.0	32,451,242	53,494,400	18	38,298,783	65,167,735
1896	272,474,708	230,011,473	45.9	53,243,191	49,162,992	27	36,818,643	67,020,042
1897	259,153,251	350,852,026	57.8	16,783,692	14,823,771	28½	37,656,960	92,721,133
1898	266,720,684	132,795,202	32.8	8,322,897	13,832,621	31	39,114,453	107,607,530
1899	272,191,330	76,736,209	19.2	20,260,936	16,164,446	26½	59,756,718	178,072,476
1900	288,636,621	155,928,455	34.4	12,529,881	14,583,306	25	62,039,091	164,446,091
1901	302,502,328	103,583,505	24.9	17,711,788	17,384,463	28	63,964,876	168,315,750
1902	316,341,032	166,576,966	34.1	15,264,083	56,582,432	33	44,336,072	100,659,761

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It will be seen that, previous to 1894, we were importing annually on the average some 140,000,000 pounds of wool. During the fiscal year 1894, just previous to the enactment of the Gorman-Wilson tariff carrying free wool, the imports fell off to 55,000,000 pounds in anticipation of the repeal of the duty. During the following three years of 1895-6-7, identical with the operation of the Gorman-Wilson law, the imports amounted to nearly 800,000,000 pounds, or an average of over 260,000,000 pounds a year, not only displacing large quantities of what should have been American production, but resulting in a price reduction of over 40 per cent. This, of course, reduced in a large measure not only the number of sheep on our farms, but their value also. Under the fostering influence of the McKinley tariff, by 1895, the number of sheep had grown to 47,273,553, with a value of $126,000,000. Under the blight of free wool the number of sheep had decreased in 1897 to less than 37,000,000, with a value of $67,000,000, a loss in value of nearly 50 per cent.

Loss to the wool industry.

Moreover, the effect of this immense importation of wool during those three years under the Gorman-Wilson law was not confined to those years, it being an actual fact that the large stocks on hand at the time of the enactment of the Dingley law were not worked off by our manufacturers for several years, which to a certain extent retarded the immediate expansion of our manufacturers and sheep growers because of the operation of the last-named law.

Free wool did not give the impetus to woolen manufactures in this country that was predicted; on the contrary, our imports of manufactures of wool increased during the three years of free wool and of lower duties on its fabrics. There are no actual figures showing the output of our woolen factories during these three years; but the blight that came to our woolen industry was shown by the hundreds of idle mills and unemployed workmen throughout the country, with low wages and no profits, where the industry was not entirely ruined. With the protection which was imposed by the duties of the Dingley law, however, our woolen industry recovered much more rapidly than did our sheep industry. As Senator Warren said in a speech before the wool manufacturers of New York on January 9, 1901:

Senator Warren's epigram on the loss of sheep.

> Gentlemen, woolen mills may be shut down at dark and reopened at daylight; shut down a month or even a year, and still be there on the ground when needed for business; but sheep cannot be so shut down and reopened. It takes years to recover from losses suffered while it takes only months to effect them.

The large increase of dutiable imports occurred in the face of the fact that wool had been imported free of duty during this period.

Some of the above imports can be specified as follows, the figures being for the first ten months of each year:

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	1894.	1895.
Woolen goods	$13,981,398	$ 49,899,717
Cotton goods	19,896,801	29,717,006
Silk goods	20,982,366	27,555,042
Glass and glassware	4,604,204	6,412,670
Chemicals (dutiable)	9,477,944	11,377,619
Iron and steel	16,899,995	21,071,156
Knit goods	4,567,109	8,010,272
	$90,409,817	$154,043,482
Wool, pounds	83,223,270	211,057,038

As the largest increase among the manufactures was in woolen goods, the following table of imports of specific articles is given that the reader may see just what kind of woolen manufactures we were deprived of. The imports for four years are given:

IMPORTS OF WOOLEN GOODS—TEN MONTHS, ENDING OCTOBER 31.

Articles.	1895.	1894.	1893.	1892.
Carpets	$ 1,356,307	$ 614,421	$ 1,266,327	$ 1,303,718
Clothing	1,296,219	673,088	948,374	1,200,057
Cloths	21,807,899	4,775,874	10,683,294	11,803,471
Dress goods	19,528,051	6,566,170	12,834,060	15,250,431
Knit goods	1,988,340	503,669	1,183,362	1,273,161
Shawls	370,264	69,553	227,220	273,280
Yarns	1,632,852	236,388	536,639	566,933
All other	1,919,785	542,235	901,710	1,003,886
Total	$49,899,717	$13,981,398	$28,580,986	$32,674,937

What the result proves. American wool displaced by foreign shoddy.

The following table, showing our exports of wool and woolens compared with the increased imports, exposes the utter unsoundness of free trade contentions. This result proves one of two things, either that the advocates of free trade in dealing with this question wholly misjudged the effect of low duties and free wool, or that the free raw material argument has been from the beginning a deception:

EXPORTS OF AMERICAN WOOL AND WOOLENS FOR THE CALENDAR YEAR 1895.

Wool, raw, 5,706,708 pounds		$689,874
Woolens:		
Carpets, 312,987 yards		176,061
Flannels and blankets		33,454
Wearing apparel		354,290
All other		219,080
Total manufacture		$782,885
Total imports, 1895	$94,024,500	
Total exports, 1895	1,472,759	
Net adverse trade balance	$92,551,741	

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This accounts for the prostrate condition of our woolen mills. Not only was our market flooded with woolen goods of the kind stated above, but under the reduced duties on shoddy imposed by the Gorman-Wilson bill, another serious difficulty was met with, as shown by the following:

	Pounds.
Total imports of shoddy under four years of McKinley bill.....	1,352,421
Under last year of McKinley bill.....	143,002
Under first year of Gorman-Wilson tariff.....	17,666,563

This will prove very interesting reading to those who have heard Democratic speakers in recent campaigns lament the use of shoddy. The effect of this will be seen when it is found that one pound of shoddy takes the place of three pounds of wool; so that this increased importation alone displaced 50,000,000 pounds of American wool. This added to the imports of wool itself, made nearly 200,000,000 pounds of American wool displaced in one year. Our farmers, manufacturers and laborers lost in both ways by this legislation. They lost $227,000,000 by a decline in exports in the first sixteen months, and over $100,000,000 in increased imports of goods that should have been made at home.

Wage reductions were inevitable; the aggregate volume paid in wages was so reduced and the spendable income of the people so impaired that consumption was correspondingly diminished. Hence the people found themselves living not only in a glutted market of their own products, but that glut augmented by inflowing commodities from abroad. The ability of the people to satisfy their needs of life as they had existed under the protective policy was now so diminished that the demand for necessaries, comforts and many luxuries ceased in a like degree, and a large part of the American market for both domestic and foreign commodities was destroyed. The reduction of wages produced a wage famine. This is a necessary consequence of such downward revision of protective duties. Thus the hard times from which the people suffered is easily discovered. For in every instance a withdrawal of protection has produced the identical result we find here; so in every instance in our history when protection has been restored wages have been advanced to the former standard and the whole situation has been at once relieved and the people as if touched by some magic power have passed from a state of idleness to one of industry and prosperity.

Effect of the law on employment and wages.

It would seem that the experience of these years would have served as an enduring lesson to the American people, but to-day (1911) the controversy is renewed.

The greatest hardship inflicted on the people by the leveling process introduced is found in the reduced wages and lack of employment to which our wage-earners were subjected. During the summer of 1895

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THOMAS B. REED

"PROTECTION MAKES FACTORIES AND FACTORIES MAKE INVENTIONS AND INVENTIONS MAKE CHEAPNESS."

THOMAS B. REED.

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the American Protective Tariff League made an investigation to determine the average number of hands employed in different industries, during the first half of the years 1890, 1892, 1894 and 1895, together with the percentage of wages paid, the rate of 1890 being taken as a full standard. Almost 500 reports were received from eighty-five different industries. The returns upon the comparative number of hands, employed showed the following result, as stated by the American Economist:

These returns show that the same industries employed 9530 more hands in 1892 than in 1890, an increase of 12 per cent. In 1894 they employed 24,081 hands less than in 1892, a decrease of 26 per cent; in the early part of 1895 they employed 11,756 more hands than in 1894, but 12,325 less hands than in 1892, and 2795 less even than in 1890. For 1895 the employment of labor shows an increase of 17 per cent as compared with 1894, a decrease of 13 per cent as compared with 1892, and a decrease of 3 per cent as compared with 1890.

As to the reduction of wages the American Economist also said:

These facts show that the average wages paid in 1892 was 5 per cent higher than in 1890; in 1893 it was 16 per cent less than in 1890, and 21 per cent less than in 1892; while for the 1895 period the average rate of wages paid was 14 per cent less than in 1890, 17 per cent less than in 1892, and only 2 per cent greater than in 1894. While those reported "advances" in wages have been diligently announced in the cases of the few industries that have been enabled to make them, nothing has been heard of the far more numerous other instances wherein wage-earners have not been so fortunate.

While these reports show wage reductions in specific industries it should be noted that they indicate a condition which was general throughout the entire country. No industry was exempt from the influences which operated to depress wages. Bricklayers, carpenters, painters, plumbers, in fact, laborers employed in what the free traders delight to call the non-protected industries, suffered equally with those who had depended for employment on those occupations which produced commodities that had been protected from foreign competition by the McKinley law. The influence of a downward revision of the tariff on wages is of such vital importance that too much attention cannot be given to it in the consideration of the question.

Comparing the effect of this measure upon the wage-earners of the country with the effect of the McKinley bill, as shown by an investigation made by the Protective Tariff League, the American Economist said:

These results can be briefly tabulated as follows:

McKinley Census of 1892.

Extra hands employed	37,285
New capital invested	$40,000,000

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INDUSTRIAL CENSUS, OCTOBER, 1893. SINCE NOVEMBER, 1892.

Decrease in labor,	60½ per cent
Decrease in wages,	69 per cent
Decrease in business,	47.2 per cent
Number of hands out of work,	101,763
Total loss in weekly wages,	$1,202,851.36
Average decrease in rate of wages,	$2.35 per week

INDUSTRIAL CENSUS, OCTOBER, 1894. SINCE 1890 CENSUS.

Decrease in labor,	30 per cent
Decrease in wages,	45 per cent
Decrease in product value,	44 per cent
Decrease in cost of material,	44 per cent

WAGES AND LABOR CENSUS, SEPTEMBER, 1895.

Wages under protection and free trade compared.

COMPARISON WITH	Labor employed. More (+) or less (—).	Wages paid. More (+) less (—).
1890,	— 3 per cent.	—14
1892,	—13 per cent.	—17
1894,	+17 per cent.	+ 2

From this last investigation it is apparent that the industrial condition of the United States has retrograded more than half a decade. Six years have elapsed since the taking of the census of 1889, and we find that 3 per cent less labor is employed now than then, also that labor earned this year at the rate of 14 per cent less wages than in 1889. The results, as applied to the whole country, appear in the following exhibit:

	CENSUS OF 1890.	INVESTIGATION OF 1895.
Wages earned,	$2,283,216,529	—14 per cent, $1,963,566,215
Hands employed,	4,712,622	— 3 per cent, 4,571,243

The result of a Democratic administration and a free trade fanatic Congress is that labor was earning $300,000,000 less this year than in 1889. We have to thank the more conservative Democratic Congressmen that the result was not worse.

The reduction in wages and loss to the laborers of the country have not been confined to those directly employed in manufactories, but have extended to all branches of employment. Yet the specific reductions in wages have not occasioned so much loss as the lack of employment which has prevailed in the building trade, transportation and every other branch of business.

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Failures in 1894 and 1895.

The persistency of the panic is shown by the report from Bradstreet giving the failures during the years of 1894 and 1895 as follows:

SECTION.	Number of Failures.		Liabilities.	
	1894.	1895.	1894.	1895.
Eastern,	1,784	1,686	$18,790,018	$19,914,153
Middle,	3,018	3,082	51,493,787	51,239,432
Western,	2,885	3,218	30,138,654	32,727,634
Northwestern,	1,247	1,324	15,201,215	19,216,225
Southern,	2,202	2,185	21,285,698	24,811,939
Pacific,	1,182	1,180	10,608,257	9,211,208
Territories,	403	338	2,077,805	1,721,854
United States,	12,721	13,013	$149,595,434	$158,842,445

TRADE FAILURES.

Under Cleveland, 1894,	12,721
Under Harrison, 1892,	10,034
Cleveland's extra "Industry of the Sheriff,"	2,687

This is the largest number of failures reported since the record was commenced in 1879, excepting those which occurred in 1893.

The returns made by Bradstreet, showing the bank clearings in eighty-three cities, during ten months of 1892 compared with ten months of 1895, show a falling off of over $7,000,000,000. The figures are as follows:

BANK CLEARINGS, TEN MONTHS TO OCTOBER 31.

SECTION.	1892.	1895.
New England,	$4,790,036,183	$4,518,691,568
Middle,	33,965,804,047	28,181,467,985
Western,	1,886,617,431	1,713,486,517
Northwestern,	5,472,972,197	4,771,271,425
Southwestern,	1,665,789,528	1,712,239,391
Southern,	1,552,748,083	1,402,658,651
Far Western,	1,097,654,857	819,829,133
Total United States,	$50,401,622,326	$43,119,644,670

Increase of the national debt.

The Gorman-Wilson bill, although designed as a revenue measure, has failed to provide the government with sufficient funds to pay its running expenses. The receipts of the government have constantly diminished

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until the deficiency had reached about $74,000,000. The details are as follows:

1894.	Receipts.	Expenditures.	Deficit.
September	$ 22,621,228	$ 30,323,018	$ 7,701,789
October	19,139,240	32,713,039	13,573,800
November	19,411,403	28,477,188	9,065,785
December	21,866,136	27,135,460	5,269,324
1895.			
January	27,804,399	34,523,447	6,719,047
February	22,888,057	25,696,035	2,807,978
March	25,470,575	25,716,957	246,382
April	24,247,836	32,990,676	8,742,839
May	25,272,078	28,558,213	3,286,136
June	25,615,474	21,683,029	*3,932,445
July	29,069,697	38,548,063	9,478,366
August	28,952,696	32,588,184	3,635,488
September	27,549,678	24,320,481	*3,229,196
October	27,901,748	34,503,425	6,601,677
November	25,986,503	27,199,283	1,212,780
December	26,288,937	25,814,317	*474,620
1896.			
January	29,237,670	32,696,830	3,459,159
Totals	$429,323,353	$502,487,650	†$74,164,296

* Surplus. † Net deficit.

With only one exception since the close of the Civil war had government expenditures exceeded the receipts; but the fiscal year 1894 showed a deficit in the treasury of $69,803,261, the receipts for that year having fallen off $88,914,064 from the receipts of the preceding year.

While this was occurring, the administration was continually borrowing money and increasing the national debt. From March 1, 1869, until March 1, 1893, the Republican party reduced the national debt as follows:

March 1, 1869	$ 280,430,492
March 1, 1873	403,948,484
March 1, 1877	65,204,017
March 1, 1881	73,646,781
March 1, 1885	480,161,982
March 1, 1889	341,448,449
March 1, 1893	236,527,666
Total reduction	$1,881,367,873

While Republican administrations were debt-reducing administrations, Mr. Cleveland's was a debt-increasing administration. For by

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March 1, 1895, the national debt had been increased by $105,328,774, and on December 1, 1895, by $57,273,470 and $100,000,000, making a total increase of $262,602,245. This amount is exclusive of the increased interest account which necessarily followed. While the Republican party during its time paid off an average of $5,701,114 each month, the Democratic party increased the national debt by $7,502,921 a month.

Foreign Trade.

One of the great achievements of the protective policy consisted in making an international trade balance favorable to the United States. In 1810, our sales abroad were, for the first time, greater than our purchases; and even this occurrence, although yielding us a favorable balance large for that period, to wit, $7,916,382, was not normal, resulting, as it did, from retaliatory legislation by Congress; and it was not until 1876 that we had so developed our domestic resources that the people could supply their wants at home instead of buying abroad. When this point was once reached, however, the balance of trade turned permanently in favor of the United States, so that, between 1876 and 1892, our exports of merchandise exceeded our imports by $1,892,885,446. This remarkable achievement, covering a period of seventeen years, when contrasted with the preceding eighty-six or the period from 1791 to 1875, inclusive, and its aggregate balance against us of $2,216,405,606, reveals a great triumph for our protective policy, giving, as it does, a result which is a complete answer to the advocates of free trade who have persistently told the American people that if they do not buy abroad they cannot sell abroad. Instead of augmenting our foreign trade, as was predicted by the tariff reformers, Mr. Cleveland's policy, on the contrary, greatly reduced it. Although prices declined; although in 1892 our export trade had reached the enormous annual total of $1,030,278,000, our sales abroad under the Gorman-Wilson law in 1895 amounted to but $824,964,000, a falling off of $205,314,000. During the same years our imports declined from $827,492,000, to $731,969,000, a decrease of $95,523,000. Thus, from a favorable balance of trade of $202,775,000, in 1892, the figures fell to $92,994,000, in 1895, covering a loss of $110,000,000. Our exports of gold to settle adverse balances with foreign countries amounted, in 1892, to only $495,873, but increased to over $30,000,000, in 1895, and reached $78,000,000 in 1896. With the ocean carrying trade in the hands of foreign ship owners who collected large sums in freights from American shippers, and American tourists drawing heavily upon their American bank accounts, a very considerable balance of trade in our favor was necessary to prevent a

Mr. Cleveland's foreign policy reduced trade.

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constant flow of gold from the United States to Europe. This falling away in our trade balance of more than $100,000,000, between 1892 and 1895, caused the large increase in our exports of gold mentioned above, an increase which so encroached upon the hundred-million-dollar reserve required to be held in the treasury for the redemption of currency, that Mr. Cleveland was forced to make good the shortage by the sale of government bonds for gold.

Exports and imports of merchandise, gold and silver.

SUMMARY, SHOWING THE IMPORTS AND EXPORTS OF THE UNITED STATES FOR THE YEARS 1892, 1894, 1895, 1896 AND 1897, ENDING JUNE 30.

[Compiled from Bureau Statistics Treasury Department.]

	1892.	1894.	1895.	1896.	1897.
Merchandise.					
Exports—					
Domestic ...	$1,015,732,011	$869,204,937	$793,392,599	$863,200,487	$1,032,077,603
Foreign	14,546,137	22,935,635	31,571,598	19,406,451	18,985,953
Total ..	$1,030,278,148	$892,140,572	$824,964,197	$882,606,938	$1,050,993,556
Imports—					
Free	$ 457,999,658	$379,795,536	$363,233,795	$369,757,470	$ 381,938,243
Dutiable	369,402,804	275,199,086	368,736,170	409,967,204	382,792,169
Total ..	$ 827,402,462	$654,994,622	$731,969,965	$779,724,674	$ 764,730,412
Excess of domestic exports	$ 188,329,549	$214,210,315	$ 61,422,634	$ 83,475,813	$ 267,277,191
Excess of total exports.	202,875,686	237,145,950	92,994,232	102,882,264	286,263,144
Gold.					
Exports	$ 50,195,327	$ 76,978,061	$ 66,468,481	$112,409,947	$ 40,361,580
Imports	49,699,454	72,449,119	36,384,760	33,525,065	85,014,780
Excess of exports .	$ 495,873	$ 4,528,942	$ 30,083,721	$ 78,884,882	$ 44,653,200

The prediction made by Mr. Mills that the proposed legislation would operate to create such a demand abroad for our grains and provisions, that prices would advance 18 or 20 per cent, and that we would get $150,000,000, on the same quantity of exports, more than we got in 1892, was not realized. Like all other free trade assumptions, this one also proved to be entirely false. Mr. Mills' statement was based on the theory that if imports increase there must be a corresponding increase in exports. He predicted that, if the bill passed, imports would increase $300,000,000, and, if we had good crops, exports would increase to a like amount. The bill did pass. We had good crops; and our foreign trade declined.

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One of the purposes of the McKinley bill, as stated in its title, was "to reduce the revenue." This object was chiefly accomplished by removing the duty from sugar and endeavoring to give protection to the sugar industry by the payment of bounties on production. This reduced the customs receipts about $50,000,000 annually by the sacrifice of duties on sugar and increased the expenditures about $10,000,000 per year by the payment of bounties, as shown by the following:

McKinley law reduces revenues.

Year.	Revenue from sugar.	Bounty paid on sugar.
1885-86	$50,265,538	
1886-87	53,507,496	
1887-88	50,647,014	
1888-89	54,896,437	
1889-90	53,985,874	
1890-91	32,303,693	
1891-92	76,795	$ 7,343,078
1893-94	163,956	9,375,131
	250,764	12,100,209

While the revenues from customs were so reduced, the expenditures for pensions grew from $63,404,000 in 1886 to $106,936,000 in 1890; $134,583,000 in 1892 and were $159,357,000 in the fiscal year which ended June 30, 1893.

The large treasury surplus, which had annually exceeded more than $100,000,000 from 1886 to 1890, was seized upon by the tariff reformers and made a formidable objection to the existing tariff law. The following table exhibits net receipts, ordinary expenditures and surplus[1] for each fiscal year beginning with 1885 and ending with 1894. The figures showing the expenditures include interest on the public debt. While the figures of the net receipts do not include the postoffice income, yet the postal deficiency is included in the expenditures. The table is as follows:

Treasury surplus.

Year.	Net receipts.	Ordinary Expenditures	Surplus.
1885-86	$336,439,727	$242,483,139	$ 93,956,588
1886-87	371,403,278	267,932,180	103,471,098
1887-88	379,266,075	259,653,959	119,612,116
1888-89	387,050,059	281,996,616	105,054,443
1889-90	403,080,983	297,736,487	105,344,496
1890-91	392,612,447	355,372,685	37,239,762
1891-92	354,937,784	345,023,331	9,913,453
1892-93	385,819,629	383,477,956	2,541,673
1893-94	297,722,019	367,525,280	69,803,261
1894-95	313,390,075	356,195,298	42,805,223
1895-96	326,976,200	352,179,446	25,203,246
1896-97	347,721,905	365,774,159	18,052,254

[1] The figures for 1893 to 1897 show a deficit.

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Notwithstanding the revision of the tariff made by the McKinley bill, the customs receipts were sufficient to maintain a small balance in the treasury. The statistics of imports and duties are as follows:

Year.	Free.	Dutiable.	Total.	Duties.	Exports.
1885-86	$212,150,296	$423,276,840	$635,436,136	$192,905,023	$ 679,524,830
1886-87	234,221,131	458,098,637	692,319,768	217,286,893	716,183,211
1887-88	244,071,615	479,885,499	723.957,114	219,091,174	695,954,507
1888-89	256,487,078	488,644,574	745,131,652	223,832,742	742,401,375
1889-90	265,668,629	523,641,780	789,310,409	229,668,585	857,828,684
1890-91	366,241,352	478,674,844	844,916,196	219,522,205	881,480,810
1891-92	457,999,658	369,402,804	827,402,462	177,452,964	1,030,278,148
1892-93	444,544,211	421,856,711	866,400,922	203,355,017	847,665,194
1893-94	379,795,536	275,199,086	654,994,622	131,818,530	892,140,572

Increases in exports and imports under the McKinley law.

The business of the country was in such a prosperous and vigorous condition and labor was so fully employed under the McKinley law that the consumptive powers of our people caused an increase in the importations of both dutiable and free commodities. Our total imports were greater during the year closing on June 30, 1893, than they had been since 1886. While dutiable imports fell off in 1891 and 1892, yet following the enactment of the McKinley law they increased over $47,000,000 the next year. Our exports increased from $857,828,000 in 1890 to $1,030,278,000 in 1892; showing that had the McKinley bill remained undisturbed and the prosperous condition of the country continued, which certainly would have been the case had the protective policy remained undisturbed, even with the reduction of duties on sugar which had taken place, and the large increase in the expenditures for pensions, ample revenue would have been provided for the conduct of the government. The manufacturing industries of the country were exceedingly prosperous, as is shown by the increased consumption of imported crude materials from $119,000,000 in 1890 to $156,000,000 in 1892 and $176,000,000 in 1893. Mr. Stanwood[1] says:

> The foreign trade was in a healthy condition; both imports and exports increased. Those who adopt the free trade maxims cannot dispute the fact of a fair degree of prosperity under this law, in view of the increase of 11 per cent, amounting to 86 millions, in the value of imports, of which increase 20 millions was in articles of food, chiefly sugar, and 40 millions in the raw materials of manufacture. Meantime manufactures were prosperous, and until clouds began to darken the political sky, labor was fully employed. Two of the leading features of the act which have not hitherto been mentioned were splendidly successful. The tin-plate manufacture was established, and under the reciprocity policy the exports to Cuba were increased from less than 13 millions in 1890 to nearly 20 millions in 1894. It cannot be doubted that far greater results would have been attained in respect of both these features had it not been for the political events which indicated that as to both of them the national policy would be reversed.

[1] "American Tariff Controversies in the Nineteenth Century," Vol. II., p. 305.

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In short, it may be said without qualification that, in spite of the impeding effect of a popular condemnation of the law before it had been in operation thirty days, its working was satisfactory to those who were instrumental in passing it, in every respect, save that it was inadequate as a revenue measure.

As soon as the downward revision of the tariff appeared to be a certainty, imports were withheld awaiting the payment of lower duties. Moreover, the leveling process which set in so disorganized labor and industry that the purchasing power of the people was seriously diminished, the consumption greatly fell off, and from a surplus in the treasury of $9,913,453 on June 30, 1892, we pass to a small surplus of $2,541,673 on June 30, 1893, and a deficiency in the treasury of $69,803,261 at the close of the next year. The decline in our foreign trade, the impoverishment of the country, the bankruptcy of the treasury, and the increase of the national debt were all directly due to the threatened overthrow of the protective policy.

Evils attending the overthrow of protection.

During the fiscal year 1893 the total net ordinary receipts amounted to $385,819,629. During the year 1894 the receipts had fallen to $297,722,019, a difference of nearly $90,000,000. During the year 1895 the receipts were $313,390,075, a falling off from 1893 of over $70,000,000. During the year 1896 the receipts were $326,976,200, showing a falling off from 1893 of some $65,000,000. During the year 1897 the receipts were $347,721,705, a falling off from 1893 of nearly $40,000,000, altogether a falling off in revenue during the four years of some $265,000,000. It is evident, then, that a tariff for revenue only is a misnomer, and that a low tariff with expected increased importations will not produce the amount of revenue that has come with a tariff framed for the double purpose of revenue and protection. It is true that, under a lower tariff and increased importations, the revenue might for a time be increased; but with a vast decrease in the purchasing power of the people, particularly as regards the buying of luxuries, comes a decrease in imports which are then restricted to absolute necessaries; and with reduced imports must come reduced revenue. While, on the contrary, with higher duties and full employment and increased wages, with a consequent high level of purchasing power, not only are domestic goods purchased in large quantities, but there is a surplus for the purchase of both necessaries and luxuries from abroad, which results in increased revenue because of the high duties upon imports.

Low tariffs finally depress revenue-making imports.

The expenditures for 1893 were up to that time the largest in our history since the close of the Civil war, and even with the figures of $356,213,562 as a basis there was not such a very material falling off in the expenditures in the following four years; while if we take the expenditures of 1891 and 1892 as a basis, those of 1894, 1895, 1896 and 1897 show an actual increase.

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The result of any industrial depression is of course directly attributable to the loss of labor and wages. As has been stated, the laying off of hands in our factories and our railroads and in all business enterprises, began in the winter of 1892 and 1893, the number of idle men and women increasing continually during the following four years. It would be impossible to state exactly the number of idle employes and the actual loss of wages during this period. Mr. Gompers has often been quoted as saying that over 3,000,000 men were idle, but that does not begin to tell the story by any means. Perhaps twice this number were idle part of the time. Undoubtedly between 5,000,000 and 6,000,000 men suffered a loss in wages during this period. It has been estimated by careful statisticians that fully $10,000,000,000 was lost in wages during these four years, for it must be taken into consideration that not only were factory hands and workers in the trades thrown out of employment, but also railroad employes and many thousands of farm hands, as well as mechanics and clerks in all lines of industry.

Loss to the farmers.

With this great loss of purchasing power came the idle mills and factories, followed by a decreased consumption of farm products, and not only a decreased consumption, but lower prices for such articles as could be marketed, which loss must be rated as a reduction of farmers' wages. This can be illustrated by one or two examples. For instance: the total consumption of wheat in 1892 was 368,531,730 bushels, or 5.91 bushels per capita. In 1894 the total consumption of wheat was 232,177,500, or 2.41 bushels per capita. In 1892 the consumption of corn was 2,082,672,090 bushels, or 30.33 bushels per capita. In 1894 the consumption of corn was 1,553,939,000 bushels, or 22.70 per capita, while the per capita consumption of corn in 1895 fell to 16.98 and in 1896 to 14.73, or a falling off of more than one-half the consumption of 1892. In 1891 the production of corn amounted to 2,060,154,000 bushels, with a farm value of $836,439,228. In 1895, with a production amounting in bushels to 2,151,138,580 or about 100,000,000 bushels in excess of the production of 1891, the farm value was only $544,985,534. In 1890 the price of corn was 50 cents per bushel; in 1896 this had fallen to 22 cents per bushel. In 1890 and 1891 the price of wheat was 84 cents per bushel, while in 1894 and 1895 this had fallen to 49 and 50 cents per bushel. In 1890 the price of oats was 42 cents per bushel, while in 1895 and 1896 it had fallen to 19 and 18 cents, respectively. There was then a falling off in the market value of farm products of at least one-half in 1894-5-6, as compared with the years 1890, 1891 and 1892.

But our farmers did not suffer because of free wool only. Their loss from other farm animals was quite in proportion. The following figures are taken from the Year Book of the United States Department of Agriculture, 1897, prepared under the direction of Secretary J. Sterl-

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ing Morton, the free trade Secretary of Agriculture during President Cleveland's last term:

DEPRECIATION IN THE VALUE OF FARM ANIMALS.

Year.	Total value.	Decrease from 1893.
January 1, 1893	$2,483,506,681	.....
January 1, 1894	2,170,916,754	$312,589,927
January 1, 1895	1,819,446,306	664,060,375
January 1, 1896	1,727,926,064	755,580,597
January 1, 1897	1,655,414,612	828,092,069

Here is a loss of over one billion dollars in agricultural capital. The loss has already been shown on grains, and the following additional losses to the American farmers in the value of their products are indicative of the disastrous effects of the leveling process of a downward revision of the tariff upon every phase of our agriculture:

Every phase of agriculture affected.

Loss on barley crops	$ 7,250,377
Loss on potato crops	83,291,365
Loss on cotton crops	221,363,355
Loss on tobacco crops	29,873,577

Summing up, then, approximately the agricultural losses during the four years of anticipation and actual operation of such destructive legislation, we have the following table made up by the Des Moines, Iowa, *Register*, an excellent authority:

FOUR YEARS' LOSS ON FARM CROPS.

Loss on farm animals	$2,560,422,968
Loss on wheat crops	300,832,581
Loss on corn crops	363,725,658
Loss on oat crops	138,481,331
Loss on hay crops, three years	464,739,066
Loss on potato crops, three years	83,291,365
Loss on barley crops, three years	7,250,377
Loss on cotton crops	221,863,355
Loss on wool crops	111,272,025
Loss on tobacco crops, three years	29,873,517
Loss on rye crops, two years	1,864,142
Loss on buckwheat crops, two years	172,137
Total loss on four years' crops	$4,283,787,520

But there was still further loss to agriculture, which is found in our

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Loss in exports of farm products.

exports of farm products during this period, as shown by the following taken from page 596 of the Year Book of the Department of Agriculture, 1896:

LOSS ON FARM PRODUCTS—EXPORTS.

Year.	Total exports.	Decrease from 1892.
1892	$799,328,232	.....
1893	615,382,986	$183,945,246
1894	628,363,038	170,965,194
1895	553,210,026	246,118,206
1896	571,899,845	228,428,387
Total loss on four years' exports	.....	$829,457,033

With this enormous actual loss in the value of farm products came a loss in the decrease in value of farms, to say nothing of the enormous loss in the profitless values of minor farm products, such as butter, eggs, poultry, etc. It is therefore a most conservative estimate that the farmers of the United States, under the anticipation and operation of the Gorman-Wilson tariff, suffered a loss considerably in excess of $6,000,000,000. There was not a line of industry that did not suffer during those four years. Railroad construction fell off over 60 per cent; the building of vessels decreased 70 per cent, and even postoffice receipts, which almost invariably show an annual gain, diminished, while the sum total of all business, bank clearings, was less by $15,000,000,000 in 1894 than in 1892.

CONCLUSION.

The general loss incalculable.

However great our loss may have been in foreign commerce, and in our national finances, it is insignificant when compared with the disasters which befell our home trade, and the want and suffering it brought to the firesides of our wage earners. The closing of mills, the enforced idleness of labor, and the bankruptcy and ruin of business men, made the loss to the whole country incalculable. Our manufactures in 1890 amounted to $9,370,000,000. It is safe to say that had the Republican measure of 1890 remained in force, by January, 1896, they would have reached over $12,000,000,000. While at the close of 1892 they amounted to at least $10,000,000,000, it has been estimated by careful and reliable authorities that in 1895 the products of our factories did not exceed $5,000,000,000, a falling off of one-half. As nearly 90 per cent of this represents the earnings of labor, it will be seen how seriously the masses of our people were affected by this inexcusable experiment with free trade doctrines. What the result would have been had the Wilson

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bill, as it left the House, become a law, it is difficult to imagine. That the ruin would have been more widespread and complete, cannot now be seriously questioned. But with the experience actually had with the Gorman-Wilson law, no further demonstration should be necessary to expose and condemn the fallacies of free trade. Every free trade promise made to the American people during the ten years of agitation which preceded this low-tariff measure was unfulfilled. Instead of our farmers getting better prices for their farm produce and shipping their wheat, corn, pork, etc., in larger quantities to Europe in exchange for clothing and wares, our gold was exported in payment for imports of these commodities, while our farmers were left with a diminished home market. With free wool and low duties, our woolen industry was prostrate, and our mills idle; while those of England were busy flooding our markets with fabrics formerly made by our own labor. With imports of competing commodities increasing, our exports were declining. Instead of capturing the markets of the world, the world was crowding us from our own.

The world crowding us from our home market.

Soon after the passage of the Gorman-Wilson law, the Democratic press of the country put forth its greatest endeavors to inspire the people with confidence and bring about a revival of business. Each recurring month our business men looked forward to that much-longed-for event, but in vain. The fall trade did not respond; again the spring trade and the summer trade were no better. Two years rolled by and the situation remained the same. This condition of business occurred in the midst of abundant harvests, and in spite of our natural resources, rich soil and favorable climate, and the genius, energy, industry and perseverance of our people. In conclusion, it may be said that the hard times which visited our country under this Democratic downward revision of the tariff resulted from a wage famine. All the hard times experienced by the people of the United States since the Revolutionary war have been periods of wage famines. It is a sound economic principle that the entire population of a country must earn wages before it can go into the markets and buy; must earn before it can spend; must produce before it can consume. Inability to do these things makes the only hard times our country has ever known. It is also worthy of consideration that this wage famine visited our people when they were surrounded by almost inexhaustible natural resources and living in the midst of luxuries and an abundance of every known consumable commodity. Reduce the volume of wages and the volume of production and consumption is necessarily reduced also. The aggregate of wages paid to labor is the aggregate of the spendable income of the people. Hence, diminish the aggregate of the sum paid in wages and the spendable income of the people is diminished to a like extent. The reduction in

Hard times are mere wage famines.

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duties made by the Gorman-Wilson bill, as has been stated, operated to place the American people on an industrial plane and wage scale much below that which had formerly existed and more nearly approaching the lower wage scale of our competitors in continental Europe.

Mr. Reed's speech.

The attention of the reader is called to the following extract from the speech of Thomas B. Reed delivered in the House of Representatives on February 1, 1894, in opposition to the Wilson bill. This speech contains more sound economic philosophy, good sense and undeniable truths than can be found in all of the works ever written in favor of free trade. Mr. Reed said:

Rise of Wages Since 1860.

Our workmen, penned up in our little country while Englishmen reveled in the markets of the world, ought to be impoverished beyond all the experience of history. Instead of that, the Aldrich report, which deserves the high encomium of the gentleman from New York [Mr. Cockran], "with the approval of the distinguished Secretary of the Treasury," even if it does "emanate from a Democratic Bureau of Statistics," shows that since 1860 money wages have risen 68 per cent. Or if you say, and you would be right in so saying, that wages should be measured by what they will buy, the result is still more striking.

Rise of wages.

The same report shows that, measured by prices of things bought, wages have risen, real wages 79 per cent. By which I mean to say, that where our people in 1860 received a dollar, our people have now one dollar and sixty-eight cents and six mills in money, and a dollar and seventy-nine cents and one mill in consumable wealth. During the same period the hours of labor, by average in all the occupations calculated, have fallen from eleven to ten. If you count that and reckon the man's hour saved to be worth as much to him as it used to be to his employer—and it is—you have real wages raised 97 per cent, and you find the wage earner to-day, after thirty-three years of protection, with $1.97, where in 1860 he had but a single dollar. The history of the world shows nothing like it. The Aldrich report declares that there exists no thorough digest of facts relating to European wages, but if you will show me any figures of increase at all approximating what I have just described in free trade England, you will discover what my search has not been able to find.

Shorter hours.

With wages rising, prices of manufactured goods falling, with lessening hours of labor, what more do you want except more of the same sort?

Fixed incomes vs. high wages.

The truth is that this very question of rising wages is what makes a good many men free traders. People with fixed incomes think that anything which raises wages is inimical to them. Manufacturers who have foreign markets are naturally anxious to have wages on the foreign standard, and when a great cocoa manufacturer in Boston and a great agricultural tool-maker in Philadelphia proclaim themselves on the side of free trade, we find in both cases a large foreign trade and along with it a desire for foreign wages for their workingmen.

Wages Must Be Steadily Increasing.

I confess to you that this question of wages is to me the vital question.

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To insure our growth in civilization and wealth we must not only have wages as high as they are now, but constantly and steadily increasing. No applause for this sentiment I notice on the Democratic side. This desire of mine for constantly increasing wages does not have its origin in love for the individual, but in love for the whole nation in that enlightened selfishness which recognizes the great truth that your fate and mine, Mr. Speaker, and the fate of your descendants and mine are so wrapped up in the fate of all others that whatever contributes to their progress gives to us all a nobler future and higher hope.

Constantly increasing wages necessary.

I do not mean to use the word "contribute" as adequate to describe the influence of wages on human progress. That would be to belittle the subject. In my judgment upon wages and the consequent distribution of consumable wealth is based all our hopes of the future and all the possible increase of our civilization. The progress of this nation is dependent upon the progress of all. This is no new thought with me. Our civilization is not the civilization of Rome, a civilization of nobles and slaves, but a civilization which tends to destroy distinction of classes and to lift all to a common and higher level.

Ours not the civilization of Rome.

There are some men in this world and in this nation who do not like that. When I talk about wages I use the word in its broadest sense as the price and value of service whether of brain or muscle. When I speak of constant and continuous increase of wages I do not mean the caprices of benevolence or of charity, or the fantasy of a mind longing for the impossible.

Man's Tastes Influenced by His Prosperity.

The increase of wages which the service seller ought to have, and the only useful increase he can ever get, will be by the operation of natural laws working upon the opportunities which legislation may aid in furnishing. The increase will never come from the outside, will never be the gift of any employer. It must come from the improvement in the man himself.. Can you get a carpenter or bricklayer to work for 25 cents a day? He did it in England in 1725. To-day in the United States it is a poor place where he cannot get ten times that sum. Why does he have to have ten times as much? Because the carpenter of to-day could no more live as did the carpenter of 1725 than he could live in a cave and hunt snakes for food. The difference in wages means the difference in living, and the $2.50 is as much a necessity to-day as the 25 cents was a hundred and fifty years ago.

Man is not a mere muscular engine, to be fed with meat and give forth effort. Man is a social being. He must have whatever his neighbor has. He cannot grow unless he does. Every growth implies a larger consumption of consumable wealth, and by consumable wealth I mean whatever is made by man and contributes to his enjoyment, whether it be a loaf of bread, a novel or a concert. The more a man wants of consumable wealth the more his wages are likely to be. But by wants I do not mean any wild longing for what is beyond reach, but such wants as are in sight and to supply which he has such longing as will make him work.

The rule of wages.

What is the rule and measure of wages? There has never been a subject on which so much ingenuity has been wasted and where the political economist has so befogged the world. He had a fund set apart in his mind which he called the wage fund. Divide the wage fund by the number of service sellers, having due regard to difference of service, and there it was plain as mathematics. True, nobody could calculate the wage fund, nobody had ever seen it. It was in

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nobody's bookkeeping, but it was a comprehensive answer, and that was what he was after. Others of his disciples to-day dispose of it by the catchwords "supply" and "demand," and though the listener had acquired some words, he had acquired very little knowledge.

Relation of Wages to Consumption.

Mere ratio of supply to demand does not solve the wage problem.

In thus speaking slightingly of "supply and demand" I do not mean to say that the relation between the worker and the work has no influence on wages. What I say is that it in no sense solves the problem. Only last week in this very city the builders, and material men, and the workers met together to see if in response to oversupply compared with demand concessions could be made. The material men were ready to yield, but the workmen, whose labor was the only perishable article involved, utterly refused. According to supply and demand they ought to have been hustling each other to see who could get into the job. Instead of that they are ready to struggle and to endure privations rather than give up what have become to them necessaries of life. Of course in time they will have to submit unless this bill is beaten, but there are limitations beyond which you cannot go. No nation can endure in peace any cut which goes into the quick. Necessities born of social life and advancing civilization are the real measures of wages.

The consumer is the producer.

This question of wages is all-important as bearing upon the question of consumption. All production depends upon consumption. Who are the consumers? In the old days when the products of manufactories were luxuries, the lord and his retainers, the lady and her maids, were the consumers, a class apart by themselves, but to-day the consumers are the producers. Long ago the laborer consumed only what would keep him alive. To-day he and his wife and their children are so immeasurably the most valuable customers that if the shop had to give up the wealthy or those whom it is the custom to call poor, there would not be a moment's hesitation or a moment's doubt.

The whole of the consumers are the whole of the people.

Unfortunately the gentlemen on the other side have persistently retained the old idea that the producers are one class and the consumers are another, and hence we hear on all hands such stupidities of speech as those which sum up the workers in each branch and compare them with the whole people. One hundred and fifty thousand workers in woolens—you ask what are they compared with 70,000,000 of consumers; 200,000 workers in steel, what are they compared with 70,000,000 of consumers; 200,000 workers in cotton, what are they compared with 70,000,000 of consumers, and so on all through the long list, forgetting that all these people, added together, make the whole 70,000,000 themselves.

The testimony of Englishmen.

It so happens that America is filled with workers. There are idle people, but they are fewer here than elsewhere, except now, when we are living under the shadow of the Wilson bill. If those workers are all getting good wages they are themselves the market, and if the wages are increasing, the market is also increasing. The fact that in this country all the workers have been getting better wages than elsewhere is the very reason why our market is the best in the world and why all the nations of the world are trying to break into it. We do not appreciate the nature of our market ourselves.

I have given you already the glowing testimony of Englishmen who have seen us with their own eyes. "Amazing prosperity," "Greatest market in the world," "Paradise of the workingman." These are strong words; but let us see if cold mathematics do not put to shame the fervor of adjectives.

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A Striking Illustration.

We are nominally 70,000,000 people. That is what we are in mere numbers. But as a market for manufactures and choice foods we are potentially 175,000,000 as compared with the next best nation on the globe. Nor is this difficult to prove. Whenever an Englishman earns one dollar an American earns a dollar and sixty cents. I speak within bounds. Both can get the food that keeps body and soul together and the shelter which the body must have for 60 cents. Take 60 cents from a dollar and you have 40 cents left. Take that same 60 cents from the dollar and sixty and you have a dollar left, just two and a half times as much. That surplus can be spent in choice foods, in house furnishings, in fine clothes and all the comforts of life—in a word, in the products of our manufactories. That makes our population as consumers of products as compared with the English population, 175,000,000. Their population is 37,000,000 as consumers of products which one century ago were pure luxuries, while our population is equivalent to 175,000,000.

English and American wages.

If this is our comparison with England, what is the comparison with the rest of the world, whose markets our committee are so eager to have in exchange for our own. Mullhall gives certain statistics which will serve to make the comparison clear. On page 365 of his Dictionary of Statistics he says the total yearly product of the manufactories of the world is £4,474,000,000, of which the United States produces £1,443,000,000.

The United States has half of the consuming power of the world.

I do not vouch, nor can anybody vouch, for these figures, but the proportion of one-third to two-thirds nobody can fairly dispute. We produce one-third, and the rest of the world, England included, two-thirds.

The population of the world is 1,500,000,000, of which we have 70,000,000, which leaves 1,430,000,000 for the rest of mankind. We use all our manufactures, or the equivalent of them. Hence we are equal to one-half the whole globe outside of ourselves, England included, and compared as a market with the rest of the world our population is equal to about 700,000,000.

Our Market Equal to 700,000,000.

I repeat, as compared with England herself as a market, our people are equivalent to 175,000,000. As compared with the rest of the world, England included, we are equal as a market to 700,000,000. These figures more than justify the adjectives of the Englishman, and the cold facts of mathematics surpass the spasms of rhetoric.

Instead of increasing this market by leaving it to the steady increase of wages which the figures of the Aldrich report so conclusively show, and which have not only received the sanction of the member from New York, the Secretary of the Treasury, and the Democratic Bureau of Statistics, but the sanction of everybody who hears me, our committee propose to lower wages and so lessen the market and then divide that market with somebody else, and all on the chance of getting the markets of the world.

The proposal to lessen the home market and then share it with foreigners.

Who have these markets of the world now? There is hardly a spot on the globe where three generations of Englishmen, Frenchmen or Germans have not been camped in possession of every avenue of trade. Do you suppose that with machinery nearly as good as ours and wages at one-half, these men are going to surrender to us the markets of the world? Why, the very duties you keep on show that you do not believe it. If we cannot without duties hold our own

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markets, how shall we pay freight, the expense of introducing goods, and meet the foreigner where he lives?

Wages must fall.

To add to the interesting impossibilities of this contention, the orators on the other side say they are going to maintain wages. How can that be possible? All things sell at the cost of production. If the difference between cost of production here and cost of production in England be not equalized by the duty, then our cost of production must go down or we must go out. Therefore, our labor, the great component part of cost of production, must go down also. If you say this will come out of profits then profits will be lessened in every occupation, for your own political economists teach you that the profits in protected industries can never be greater than in other occupations, and will not long consent to be less. Let it be noised abroad that any occupation is making big profits, and straightway it will be swamped with competitors, so that overprofit is the sure precursor of no profits at all.

SURVIVAL OF THE FITTEST.

But all these questions of wages are to be met, says the gentleman from New York [Mr. Cockran], by our superior civilization, and he accuses me of "confessing that civilization at the highest level is incapable of meeting the competition of civilization at its lowest level."

The bull and the smelt.

Now, it is a great truth that civilization can successfully meet barbarism, but it must do it with brains and not with rhetoric. How often have I heard this and similar eloquent outbursts about our superiority, and therefore inevitable conquest of the inferior. Survival of the superior! That is not the way that the great naturalist put it. "Survival of the fittest," was his expression; survival of the fittest to survive; not the superior, not the loveliest, not the most intellectual, but the one who fitted best into the surroundings. Compare the strong bull of Basham with a salt-water smelt. Who doubts the superiority of the bull? Yet, if you drop them both into the Atlantic Ocean, I will take my chances with the smelt. A little tomtit, insignificant as a bit of dust in the balance, cannot compare with the domestic swan either in grace, beauty or power. Yet, if both were dropped from a balloon hung high in air, I would rather be the insignificant tomtit than the graceful swan. If I had a job to dig on a railway, the competitor for that job whom I should fear would not be my friend from New York [Mr. Cockran], but some child of sunny Italy, so newly imported that he had not grown up to the wages of his adopted country.

The low-wage earner the competitor to fear.

But let us make these illustrations a little broader and take in a bit of history. Shortly after I entered the Congress one Dennis Kearney began on the sand lots to address the world on the Chinese. He said these people were of a lower civilization; in fact, to use the very expression of the gentleman from New York [Mr. Cockran], he said it was "civilization at its lowest level." Indeed, to be strictly accurate, he used a stronger expression. He denounced the Chinese, and instead of relying on superior civilization, on the flag of freedom in the air above us, the emblem of freedom on the earth beneath us, he actually wanted protection by law, and in spite of the jeers and flouts of us in the East, he has got it at last, and with our consent.

I know that when the gentleman learns these facts he will be so sorry that he was not here to tell these misguided men that having seized the lightnings and beat the miracles of Moses without being guilty of his mistakes, we must be able to beat the Chinese without law because of their lower level of civilization. What

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Mr. Kearney would have said to the gentleman from New York I do not dare to record.

Influence of Chinese Cheap Labor.

Chinese immigration and wages.

Why did the working people of California object to the Chinese? Because they knew that if they swarmed here in sufficient numbers the law of wages would make our own wages impossible. Had the Chinese had the same wants, and been therefore forced to demand the same wages, they could have worshiped their ancestors here without let or hindrance. It was just because the higher civilization could not contend on a free field with the lower that the higher civilization had to put brains into the scale and protect itself. If, then, we protect ourselves against Chinese labor here, why should we not protect ourselves from a lower level of labor as represented by imported goods? Lower-priced labor can compete with our labor, whether it take the form of goods or of imported Chinese.

But says some gentleman, having heard some other gentleman say it, and having been struck by its epigrammatic point, but "labor is on the free list." Well, that sounds conclusive, does it not? Yet what utter nonsense it really is when you come to look at it. Does the Englishman, when he comes here, bring his rate of wages with him? I should like to see any immigrant who has been here long enough to know his bearings who does not demand as good wages as the rest. That is what they come here for.

Contract labor and wages.

Only last week the Hungarians and Poles and Slavs in Pennsylvania were trying to break up all work in the coal mines because our native citizens, under the stress of the Wilson bill, were consenting to take less wages. Obviously these gentlemen did not bring their rate of wages with them. Why did we forbid the importation of contract labor? Because the price of it was tainted by the wage scales of a land on a lower level of wages.

Luxuries Become Necessaries.

Let me restate this: Men in America demand high and higher wages because their surroundings erect what used to be luxuries into necessaries. Men who come here are soon affected by these same surroundings and are soon under the same necessities. But Chinamen, because they sequester themselves from these surroundings, and bales of goods, because they cannot have the labor in them subjected to our influences, ought to be under the restriction of law. I do not mean to make the comparison go on all fours and have the goods prohibited like the Chinese. I only meant to convey an idea.

Are taxes bad?

But is it not a dreadful business to tax people? Not necessarily. Taxes raised for a good purpose—like a schoolhouse, a road, an army, for payment of pensions, for the public debt and indeed for all the purposes of a free people—are not only not bad, but very good. Taxes to build a palace for the king's mistress or to place a barbarian queen on a deserted throne would be dreadful; but we are not likely, owing to a series of fortunate accidents, to be called upon to do even the last.

But can you accomplish anything but oppression by taxes? Oh, yes; the gentleman from Missouri [Mr. Hatch] will tell you that taxation has regulated oleomargarine and can regulate stock sales. At least so he thinks. It has destroyed wildcat banks.

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The question of constitutionality.

On the question of the constitutionality of tariff taxation, I shall spend no time. I have not been here as long as I have without learning that "constitutionality" and "unconstitutionality" on the other side of the Chamber are mere phrases, and that when a gentleman of the other side with swelling voice denounces the tariff as unconstitutional, he merely means that he does not like it.

Inasmuch as nobody in a hundred years has even asked the Supreme Court to pass on that question, it seems hardly worth while to discuss it. If the Father of his Country, fresh from the convention, in signing the first tariff tax bill, signed an unconstitutional act, the gentleman from Georgia [Mr. Turner] and the whole Democratic party are better than George Washington—a thing not hitherto charged upon them.

Who Pays The Tax?

Who pays the tax?

But do not the people pay the tariff taxes, and do they not go into the pockets of monopolists? Do you believe the consumer pays the tax, or the foreigner? Well, I am going to be perfectly frank about that and answer, sometimes one and sometimes the other, and sometimes both. The first thing a foreigner does when a tariff tax is laid is to see if he can get into our market without paying anything. If so, then he will not reduce his prices. If he cannot, he looks over his margin of profit and sees if he can, by abating some part of these profits, get his goods in. So far as he does abate them, he pays the tax. So far as he does not, the rest of the tax is paid by the consumer.

If the foreigner pays all the tax, then within the limit where his goods can circulate there may be protection or there may not. If after paying the whole tax he still has a margin of profit to sacrifice in the industrial war, there will be no protection, or very limited protection. But if there be only a slight margin, which he cannot sacrifice without rendering the market worthless, then there will be competition the same as if he manufactured here. In the latter case he at least cannot shut up our factories.

When the price is raised.

In these cases the prices will not be raised. But where the consumer pays any part of the tax, by so much is the price raised. This is the general rule but often it does not work so. After the act of 1890 large importations in anticipation of large profits, anticipations frustrated by the Baring failure panic, made great changes in the case. Many prices did not rise at all, and yet manufacturers, knowing that there would be a certainty at least that they could not be badly undersold, began work.

It often happens that men will begin manufacturing under a tariff that does not raise prices because they know that such a tariff will prevent them from going down.

Assurance of a market necessary to enterprise.

It is not enough to have goods in the natural market at a price which will bring a profit. The manufacturer must know that the industrial enemy cannot force the price below the range of profit. Then without any increase he may put up a plant. This operation of a tariff which does not raise the price is because industrial warfare sometimes assumes this shape. A rival maker may sacrifice his goods in order to sacrifice another man's factory, or to prevent the establishment of a competitor. If there be a tariff, then, which will not raise prices but which will maintain them, then the native manufacturer's risk in building a factory is limited. He may be put to hard struggle, but he cannot be beaten out of hand. He will have a fighting chance.

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Where the Foreigner Pays the Tax.

When the foreigner pays the tax.

There are, however, so many instances where the foreigner pays the tax that there is no wonder that the assertion has been made broadcast. The Bermuda vegetable men appeared before this very committee to urge this very fact. Canada, both under the present law and just after the repeal of the reciprocity act, is a multitudinous witness all along our borders that the foreigner pays the tax. I venture to say that the lumber tax, lowered by the act of 1890, has all of it gone out of our treasury into Canadian pockets.

It would be an interesting chapter in economic history if we could have in figures the abatement of foreign prices which have followed every increase of the tariff, for it would show what enormous profits have been made out of us by these people when no protection existed.

Who is benefited.

Having thus shown that even where tariff taxes are paid by the foreigner and the price not raised there may be some protection, let us face the question whether, where the price is raised and the consumer pays the whole tax or a part of it, there is any benefit to our country thereby. Does not the public suffer for the benefit of the few? Not for the benefit of the capitalist, for in the long run your own political economy will show you that protected industries will not obtain any greater remuneration than the unprotected. The same is all they ask for and more than they often get.

But we need not depend upon political economists, for they are always unsafe. The gentleman from Massachusetts [Mr. Draper] in his admirable speech has demonstrated the facts of equalization of profits.

In Massachusetts they have statistics so well collected that they mean something, and those statistics show that Massachusetts manufacturing stocks pay 3.87 per cent, Boston bank stocks 4.53 per cent, and, in New England, railroad stocks 4.29 per cent.

Let me put the assertion in another form. If you will give me all that capital has made on railroads, an unprotected industry, I will give you all that capital has made on factories, and agree to feed the hungry crowds caused by the Wilson bill and not claim any virtue for my charity.

Benefit of Diversified Industries.

The public does not suffer.

The public again do not suffer for the sake of the employes of the protected industries, for they get no higher wages than the unprotected. In fact, the increase goes to one as much as the other. Who built the mills at Fall River? Who made the machinery? Who furnished the provisions and other consumable wealth which Fall River and its mills demand? The answer must be the whole United States. "But," says my questioner, "if you only distribute among all of us who paid it, this money which was taken from us for the extra price, what is the good?" If that were all there was to it I could still answer that at least there was no loss. But beyond a question this system establishes diversified industries. Nobody can doubt that. Diversified industries call out all the working powers of the world. Some men are fitted for one thing, some for another.

The only way to utilize all the powers of body and mind in a nation is to have something which suits all. By this means the great army of the unemployed can be diminished. A nation which keeps its people employed is in the end sure to show the largest gains even of wealth. Diversified industries edu-

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The broad education of diversified industries.

cate the people and give them a broader education than books can give, and so helps them on the road to greater civilization. We have already seen that greater civilization leads to higher wages, to greater production. In a country of high wages there are greater inducements for inventors, for they can save more by their inventions, which are therefore more readily adopted.

We were talking a while ago about higher wages. The question naturally comes up, how can these higher wages be got? There must be something for them to come from. Just think a moment what wages are. They are the devourers of consumable wealth. In order to have more consumable wealth you must have an incentive for its creation. Wealth will never be made unless a consumer stands ready. More consumable wealth, therefore, depends upon a broadening market. This I have already shown does not mean more purchasers, but purchasers with better purses, though for that matter in this country we have both.

Inventive Genius Stimulated by Necessity.

The brain does not work without incentive.

But how can you make more wealth with the same number of workers? By using the forces of nature and by utilizing human brains. How can you do that? By incentives. The brain no more works without incentive than the body does.

To hear the discussions in Congress you would suppose that invention dropped from Heaven like manna to the Jews. You would suppose that James Watt reached out into the darkness and pulled back a steam engine. It was not so. All invention is the product of necessities and of pressure. When the boy who wanted to go off to play, and so rigged the stopcocks that the engine went itself, he was not only a true inventor, but he had the same motive—his personal advantage—that all inventors have, and, like them, was urged on by business necessities.

What originated Bessemer steel? Sir Henry Bessemer? No; but the necessities of railroads, under public pressure for lower rates of traffic, which would, every one of them, have been bankrupt without steel rails. If Sir Henry had not invented the process, somebody else would. It detracts not one iota from the fame of Alexander Bell that a dozen men were close on his track. It has been so in every great invention. I say, therefore, that it was the diversification of our industries that has stimulated inventions. Otherwise all the inventive power of America would have run to waste, and when a man calculates the wonders of American inventive genius he knows where some of our wealth comes from.

Diversification of industries the cause of invention.

As a further proof that invention is born of necessity, tell me why great inventions never come until the world is in such shape as to enjoy them? What would the Crusaders have done with railroads? There was not money enough in the world or travel or merchandise to keep them going a week.

And this brings me to another fact. No invention is worth its salt which does not have increased consumption behind it. Take the very case of railroads; are railroads economical? "Certainly," you reply. "They can carry passengers for half a cent mile, for a quarter of a cent, and a New York hack will cost you $2, and even a lumbering coach may cost you 10 cents. Of course, it is economical." But suppose you had only a stageload to carry every day, would it pay to build a railroad and would that conveyance be cheap? Hardly. You can make an ax handle with a machine in two seconds; without, in three hours. It would pay to build a machine to make a million of ax handles, but not to make one.

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High Wages Contribute to Progress.

Large consumption the basis of economy in manufacture.

Therefore, I say that the great forces of nature and the wisest inventions are alike unprofitable except for a large consumption. Hence, large consumption is at the basis of saving in manufacture, and hence high wages contribute their share to progress. If you once accept the idea that necessity is mother of invention, instead of regarding invention as coming from Heaven knows where, you can see how high wages stimulate it.

I saw at a machine shop not long ago a great machine which could work only in one direction, and naturally consumed, in going back to place, as much time as in coming forward. It took three men at $3 a day to run it. Half their time was lost. Could the speed of the return have been doubled, more than $2 a day would have been saved. That invention was made because, being applicable to many machines, it meant much money. Had they been worked by men who were paid 50 cents a day, it is doubtful if it would have been demanded. Where wages are low, invention is rare. It does not pay.

How to make two jobs hunt one man.

It has always seemed to me, until I heard the gentleman from New York the other day say to the contrary, that the establishment of new industries, and not the destruction of old ones, was the way to make two jobs hunt one man, to use the words I have ordinarily employed in putting it; but he says no, that is wasteful production because you are employing capital in comparatively unprofitable occupation. That used long ago to puzzle me, and I used to put it this way: Suppose the nation to have a million dollars and no more, all employed at 6 per cent in that interesting dream of fancy, "the most profitable employment," and a man should come along and say, "If you people will let me put a hundred thousand of this capital, my share, into a less profitable, a 5 per cent employment, I will do it on condition that you pay me and all people who come here and do the same enough to equalize my profits with the rest of you." At first sight that looks like mathematics.

A Philosophic Demonstration.

It would seem incontestable that the nation would lose 1 per cent on a hundred thousand dollars, or a thousand dollars every year. Yet I said if free traders are correct, this, to a greater or less degree, is what the United States did even under the Walker tariff. Why is it that we have not gone to pieces long ago? Well, one of the fallacies of this demonstration is this: It proceeds on the assumption not only that one million is all the capital of the United States, but all the capital of the world.

The human mind plays havoc with cut and dried political economy.

Suppose that law which taxed the profitable employment coaxed in the $100,000 from the rest of the globe, our nation would have gained $5,000 every year, instead of losing $1,000, for we should have had the whole $1,100,000 earning 6 per cent less the tax laid on the whole to raise $1,000. But, you say, why should not the new $100,000 come in and go into the 6 per cent most profitable employment; why should it select the 5 per cent employment? Just simply because that money does not come here by attraction of gravitation, but by the mind of a man, and men's minds are what play havoc with cut and dried political economy.

Suppose you go to a manufacturer of cotton in England and tell him that by putting his surplus capital into a Dakota farm he can make 10 per cent. The chances are he will not even look at it. Then you try him with a proposal to build a cotton factory in Georgia; show him he can make 6 per cent, while

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he is making only 4 at home. The chances are that the cotton mill will tempt him and not the farm. He knows the cotton business, but he is not a farmer.

Our laws have invited money and men.

This, in fact, is the history of the United States. Our laws have invited money and men and we have grown great and rich thereby. The gentlemen from Illinois [Mr. Black] has noticed that men come here, and he does not want them to come; hence he is willing that our wages shall be lowered to keep people away. Well, this is not the time to discuss immigration; but while people are coming I am glad they have not yet imbibed the gentleman's ideas and have not yet begun to clamor for lower wages. I really cannot help adding that when the gentleman from Illinois [Mr. Black] starts his reformed immigration of men who come here "unawed by influence and unbribed by gain," I hope to be there, for it would be a sight hitherto unknown on earth of men who forsook their home without being either pushed or pulled.

Why We Have Prospered.

To have two jobs hunting one man, make new mills; do not destroy old ones.

To sum it up, if this protection gives us money and men, and our vast country needs both, it may show why we have so wonderfully prospered. If it does, I am inclined to think that the way to have two jobs hunting one man is to keep on making new mills, and try to prevent the Committee on Ways and Means from pulling down old ones.

"But," says some gentleman fuller of political economy than of sense, "why do you not transfer your capital from these protected industries to the more profitable?" Yes, that would be a good idea. We will commence in West Virginia and take up the coal mine holes and stick them down somewhere else, unless we can utilize them as places of refuge for the committee after the election. There is what used to be $8,000,000 worth of stuff belonging to the people that make screws. Let us take that up. But it is not worth $800,000, let alone $8,000,000. The bill has dropped $7,200,000—that cannot be transferred anywhere.

Mouths to be filled are better markets than deserts for farmers.

But what do you say about the farmer? Well, on that subject I do not profess any special learning, but there is one simple statement I wish to make and leave the question there.

If with cities growing up like magic, manufacturing villages dotting every eligible site, each and all swarming with mouths to be filled, the producers of food are worse off than when half this country was a desert, I abandon sense in favor of political economy.

One other thing I have noticed in this debate. When the gentleman from Kansas [Mr. Simpson] gets a little money ahead he does not put it into the stocks in these immensely profitable manufactures. He has too much sense. He adds to his farm, and he has told us so. Example is richer than precept.

England's example bad for agriculture.

If the hope of agriculturists is in English free trade, they had better ponder on the fact that while the wages of artisans have increased in England $2.43 per week since 1850, the wages of agricultural laborers have only increased 72 cents, and while the Lancashire operatives in the factories live as well as anybody except Americans, the agricultural laborers are hardly better off than the Continental peasantry. England's example will not do for agriculture.

An Argument Set Up by Free Traders.

Here let me meet one other question, and let me meet it fairly. We are charged with having claimed that the tariff alone will raise wages, and we are

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pointed triumphantly to the fact that the wages of France and Germany, protected by a tariff, are lower than England, free of all tariff, and to America, with a tariff and still higher wages. We have never made such a claim in any such form. Free traders have set up that claim for us in order to triumphantly knock it over. What we do see is that where two nations have equal skill and equal appliances and a market of nearly equal size, and one of them can hire labor at one-half less, nothing but a tariff can maintain the higher wages, and that we can prove.

The claim that the tariff alone will raise wages.

If there be two bales of goods side by side, made by the same kind of machinery and with the labor of the human being in both the same degree of skill, and if the labor of one bale cost one-half, for example, as much as the other, that other bale can never be sold until the extra cost of the costlier labor is squeezed out of it, provided there is an abundant supply of the product of the cheaper labor. If the bale with the cheaper labor of England in it meets the bale with the dearer labor of America in it, which will be bought at the cost of production? I leave that problem just there. The sale of the English bale will be only limited by England's production.

The cheaper labor takes the market.

Now, as to France and Germany. The gentleman from Ohio [Mr. Harter] makes the same blunder which he charges on us. He says the tariff makes lower wages, and asks us to compare the three countries, saying they are all the same except the tariff. I do not read history that way. England had centuries of peace or distant war, while both France and Germany were the battlefields of Europe. Until Bismarck made Germany a nation she was not even big enough to enter successfully modern industrial warfare. To compare either of those nations in machinery or wealth to England, a hundred years in advance of them both by reason of her history before 1850 and her tributary provinces, is absolutely farcical.

The comparison of France and Germany with England farcical.

Let Germany and France get thoroughly established within themselves as good machinery as England now has, together with her factory system, and nothing but higher wages in those countries or a tariff in their own will ever save the English people from ruin. Lord Armstrong knew what he was doing when he established an English iron manufactory in Italy with English appliances and Italian labor at half price.

What the Tariff Cannot Do.

No, no; tariff does not make the blind see, the lame walk, nor does it raise the dead to life, but it is a good, sound sensible policy for the United States, for its growth in riches and civilization, and if it is stricken down the people who in their secret hearts will think us the most shortsighted will be the foreigners who profit by our folly.

There is still another argument which I desire to present out of the large number yet unused. What has made England rich? It is the immense profits which come of converting raw material into manufactured goods. She is the huge workshop, doing the most profitable work of the world; changing material to finished product. So long as she can persuade the rest of the world to engage in the work which is the least profitable and leave her the most enriching she can well be content.

The source of England's wealth.

Let me give one item, and the figures shall be furnished by the gentleman from Alabama [Mr. Wheeler], who told me in your presence that the value of all the cotton raised in the United States was only $300,000,000, while the finished

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product of that cotton was $1,750,000,000. When cotton leaves the field it is worth $300,000,000; when it leaves the mill it is worth six times as much. On our own crop alone we might in time make the profits on a billion and a half of manufactured goods. Nor is there anything to prevent such a result in a protective tariff.

The bill makes the first step the giving up of the American market, to gain the markets of the world.

Some men think, indeed, this bill and its author's speeches proceed upon the supposition that the first step towards gaining the markets of the world is to give up our own, just as if a forfeited army, with enemies on all flanks, should overturn its own breastworks as the first preliminary to a march into the open. Even the foolish chivalry of the Marquis de Montcalm which led him to his death on the Heights of Abraham had not that crowning folly. Such is not the history of the world; such is not even the example of England. Tariff duties, whether levied for that purpose or for revenue, become a dead letter when we are able to compete with the outside world.

We are the only rival that England fears, for we alone have in our borders the population and the wages, the raw material, and within ourselves the great market which insures to us the most improved machinery. Our constant power to increase our wages insures us also continuous progress. If you wish us to follow the example of England, I say yes, with all my heart, but her real example and nothing less. Let us keep protection, as she did, until no rival dares to invade our territory, and then we may take our chances for a future which by that time will not be unknown.

Best Interest of Manufacturer.

The attitude of employers under protection.

Nobody knows so well as I do how much even of my own comprehension of the great argument which should control this vote I have failed to present. I have said not a word of the great fall of prices which has always come from the competition of the whole world within itself rendered possible by protection and substituted for the competition within a single island. I have said not a word of the great difference between the attitude of employers who find their own workmen their best customers in their own land, and who are, therefore, moved by their own best interests to give their workmen fair wages, and those who sell abroad and are therefore anxious for low wages at home, and on whom works unrestrictedly that pernicious doctrine, as wages fall profits rise. These and much more have I omitted, for there is a limit to all speaking.

We know, my friends, that before this tribunal we all of us plead in vain. Why we fail, let those answer who read the touching words of Abraham Lincoln's first inaugural and remember that he pleaded in vain with these same men and their predecessors. Where he failed we cannot hope to succeed. But though we fail here to-day, like our great leader of other days, in the larger field, before the mightier tribunal which will finally and forever decide this question, we shall be more than conquerors; for this great nation, shaking off as it has once before the influence of a lower civilization, will go to fulfill its high destiny, until over the South, as well as over the North, shall be spread the full measure of that amazing prosperity which is the wonder of the world.

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PART III.—1896 TO 1912.

CHAPTER VI.

RETURN TO PROTECTION—ELECTION OF 1894—ATTITUDE OF POLITICAL PARTIES—WILLIAM MCKINLEY ELECTED PRESIDENT IN 1896—THE DINGLEY LAW—MCKINLEY RE-ELECTED IN 1900—THEODORE ROOSEVELT ELECTED PRESIDENT IN 1904—DEMOCRATIC PLATFORM—THE TRUSTS—CAMPAIGN OF 1908—REPUBLICAN PLATFORM—ELECTION OF WILLIAM H. TAFT—PAYNE-ALDRICH LAW OF 1909.

Protection not an incident, but a right and duty.—WILLIAM MCKINLEY.

Production and distribution are the agencies by which human wants are supplied; and a nation increases in wealth in the ratio that the sum of its production exceeds that of its consumption. The paramount object to be kept in view in shaping our commercial policy should be to develop in the nation its maximum power of *production*. It cannot be denied, however, that in our great centres of trade the paramount idea is *distribution*. Although production and distribution are reciprocally dependent, the former is of primary importance; for, without it, the latter could not take place. In the great marts the struggle is for results, without much concern as to the means by which they are produced. Were those who mold and give direction to public opinion in commercial communities to consider more thoroughly the conditions of production on which the prosperity of the country depends, we should have less of that unpractical reasoning which now so largely misleads the popular judgment.—E. B. BIGELOW.

It is not an increase in the volume of money which is the need of the time, but an increase in the volume of business * * * Not open mints for the unlimited coinage of silver of the world, but open mills for the full and unrestricted labor of American workingmen.—WILLIAM MCKINLEY, letter of acceptance, 1896.

We are in the Philippines. Our flag is there; our boys in blue are there. They are not there for conquest; they are not there for dominion. They are there because, in the providence of God, who moves mysteriously, that great archipelago has been placed in the hands of the American people.—PRESIDENT MCKINLEY, Youngstown, Ohio, October 18, 1899.

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The wisdom of protection.

THE Republican party during a period of thirty-three years maintained the protective policy with the success which has been recited in previous chapters. Now for the second time it was called upon by the people to redeem the country from the disasters which an unwise economic policy had forced upon it. Protectionism, discredited in the election of 1892, was approved by the people in 1894 and 1896. Both tariff policies of the opposing political parties had now for the first time since 1860 been given a trial. The wisdom of the policy of protection had been tested and proven by actual experience. The great protectionists of the country during all the years of the heated controversy from 1867 to 1892 had defended it by the presentation of indisputable facts showing the wonderful progress which the country had made under and by an actual trial of the economic principles for which they contended. For more than twenty-five years the opposition had urged the adoption of the free trade policy by indulging in extravagant prophecies, unwarranted assumption and economic fallacies, leaving to conjecture the actual results of a trial of their policy. The leaders of the Democratic party, in attacking existing economic and industrial conditions, set up standards of perfection which could not be realized under any economic policy. Perfection is beyond human attainment. It was an easy matter for them to prophesy that by the overthrow of protection our foreign trade would be greatly extended; that our domestic industries would be made more prosperous; that labor would be more fully employed at better wages; that the people would be able to buy everything at low prices and sell them at high prices; that the farmers would be able to effect a great saving by buying their manufactured commodities abroad, and at the same time our great home market, which had been established in America, would not be impaired, and they would find a ready sale for their surplus, however great it might be. The people for the first time since 1860 had now turned the control of all branches of the government over to the Democratic party and had given it full power to destroy the protective policy and establish and put into practice the revenue policy for which it had contended. The people now had had the actual experience of witnessing the operation of the two opposing systems in practice. They were subjected to tremendous losses in making these experiments, yet it was confidently believed by our most intelligent citizens that the lesson taught, although an expensive one, would settle the tariff controversy for a generation at least, and bring stability to the industrial, commercial, and financial interests of the country.

The people were quick to realize the mistake which they had made. The revolt against the free trade policy of the Democratic party began as soon as Mr. Cleveland, in his inaugural address of March 4, 1893, made it clear that the purpose of the Democratic party was not a moderate

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revision of the tariff, but the restoration of free trade and the destruction of industries. The opposition to the Democratic party appeared in some of the State elections in the fall of 1893, and in the Congressional elections of 1894 assumed such proportions that the Democratic majority was swept from the House of Representatives, leaving only Mr. Cleveland and his cabinet to be reckoned with two years later. The eyes of the people naturally at once rested upon William McKinley as the one great statesman whose long experience in public life and unquestioned devotion to the protective policy would deliver the country from the disasters which had befallen it through the unwise economic policy of the Democratic party. The people knew that William McKinley was a protectionist from conviction. They had witnessed his great achievements in victory and his sturdy, uncompromising devotion to the cause of protection in defeat. In the Congressional election of 1890 he was defeated for Congress by the small majority of 302 votes in a district which had been so gerrymandered by the Legislature of Ohio that there was a Democratic majority of about 3,000. The canvass was a heated one. It was through this district especially that the Democratic committee sent peddlers charging exorbitant prices for tinware and telling women of the households that the high prices were due to the duty on tinplate imposed by the McKinley law. The battle fought by Mr. McKinley was a courageous one. He made no compromises; was allowed and asked no quarter. Although the Republican party lost the Congressional election of 1890 and the McKinley bill was discredited, yet Mr. McKinley was not disheartened. It was immediately following this defeat, when many Republicans throughout the country were disheartened, lost courage and became almost distrustful of the protective policy, that McKinley said to some complaining and timid souls:

Revolt against free trade.

> My friends, be firm. This is only a cross-current, a chopped sea; the tide of truth flows surely on beneath.

McKinley was elected Governor of Ohio in 1891 and again in 1893. In each of these campaigns he spoke in the principal cities of his State, and on every occasion defended the protective policy with the same devotion and confidence in its wisdom that had characterized all of his great speeches since he first entered public life in the '70's.

At East Liverpool, Ohio, on October 16, 1893, Governor McKinley said:

> What is a lower tariff for? It is to make it easier for foreign goods to get into the United States, to increase competition from abroad. You cannot buy your goods and make them at home as well. No good farmer thinks of having his neighbor's sons to do his work when he has half a dozen boys at home idle. I do

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not believe in buying any kind of goods abroad that we can make here when we have a million of unemployed men at home.

In a speech delivered at Columbus, Ohio, on February 14, 1893, celebrating the anniversary of Lincoln's birthday, he said:

The Republican party values its principles no less in defeat than in victory. It holds to them after a reverse, as before, because it believes in them; and, believing in them, is ready to battle for them. They are not espoused for mere policy, nor to serve in a single contest. They are set deep and strong in the hearts of the party, and are interwoven with its struggles, its life and its history. Without discouragement, our great party reaffirms its allegiance to Republican doctrine, and with unshaken confidence seeks again the public judgment through public discussion. The defeat of 1892 has not made Republican principles less true nor our faith in their ultimate triumph less firm. The party accepts with true American spirit the popular verdict, and, challenging the interpretation put upon it by our political opponents, takes an appeal to the people, whose court is always open and whose right to review is never questioned.

McKinley's courage and consistency.

The Republican party, which made its first appearance in a National contest in 1856, has lost the presidency but three times in thirty-six years, and only twice since 1860. It has carried seven presidential elections out of ten since its organization. It has more than once witnessed an apparent condemnation of Republican policy swiftly and conclusively reversed by a subsequent and better-considered popular verdict. When defeat has come it has usually followed some measure of public law or policy where sufficient time had not elapsed to demonstrate its wisdom and expediency, and where the opposing party by reason thereof enjoyed the widest range for popular prejudice and exaggerated statement and misrepresentation. Of the fitness of the Republican party for public trust, its record for thirty years is its best testimonial. In this particular it is unmatched. It never lacked courage when in power to put into public law its declared purposes, and the statutes of the United States register its proudest achievements. For more than a quarter of a century it has made the laws of the country which have withstood every assault, and in the end have won public approval. We are living under these laws now, and except for the uncertainty hanging over us by reason of the election of 1892, the country is in a most prosperous and assuring condition. Nothing but the result of that election can stand in the way of our continued prosperity. If we could strike from the history of the country all that has been done and accomplished through the agency of the Republican party, what would we have left? Little to be proud of. Repudiation of the public faith; a disordered currency; a bankrupt treasury; a broken Union with discordant and warring States; a dishonored flag; human slavery with the lash and chains and the auction block—not in the South alone, but in the great free Northwest as well; a discredited name among the nations of the earth, and the universal verdict that free government had failed. If, since the war, the Democratic party could have made effective in administration and legislation the declarations of its national platforms, what would we have witnessed? Repudiation of the constitutional amendments! Repudiation of the war debt! The wildest inflation of irredeemable currency! The repeal of the Resumption Act! British free trade and its dire conditions!

As a party we have nothing to recall, and little to regret. The past is secure, and its glories cannot be dimmed. The future will yet commend the latest Republican legislation and approve the present Republican administration. Republican

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purpose is written in public law. It can be read by all men. The country knows what it has accomplished and is accomplishing. It does not rest in the breath of orators nor in the declaration of campaign platforms. It is an enduring statute. Criticism will not longer avail our political adversaries. Positive enactment must be met by positive enactment. Carping at our laws must give way to construction of theirs. A Democratic tariff law must now stand actual comparison with a Republican tariff law. That is the real test, and it must come, or the Democratic party must stand convicted by its own confession of obtaining power under false pretences. We do not fear the contrast. Nay, we invite and welcome it. The business interests, the wage worker, the agriculturist of the country, await with anxious solicitude the promised reforms. They should not be delayed. The Republican tariffs which have been so persistently characterized as artful devices to rob the poor should not be tolerated a single day after the Democracy takes power. Prompt action is the test of good faith and capacity; procrastination is a sure proof of insincerity and infirmity. Which will it be?

McKinley the unquestioned choice.

When the campaign of 1894 opened, the National Congressional Committee received calls from all parts of the country for McKinley. He responded to the calls, agreeing to make forty-six speeches, but the demands for him were so insistent that his speaking tour was extended, and for more than eight weeks he averaged daily better than seven speeches and delivered in all more than 325 speeches, visiting the States of Indiana, Missouri, Kansas, Nebraska, Iowa, Minnesota, Wisconsin, Illinois, Michigan, Kentucky, Louisiana, West Virginia, Maine, Pennsylvania and New York. People in some instances traveled hundreds of miles to hear him speak. The crowds which attended were immense, ranging from 5000 to 15,000, and in some places as high as 30,000. It was estimated that in one day, traveling through central Kansas and southwestern Nebraska, he was cheered by 300,000 people. His speeches were devoted almost entirely to a discussion of the tariff. Although he had spoken for protection in and out of Congress since early in the '70's, this was the first opportunity he had ever enjoyed of exposing the fallacies and prophecies of the opposition by pointing to living examples of the actual operation of its policy when enacted into law. The enthusiasm with which he was received showed that he was clearly the unquestioned choice of Republicans for the Presidential nomination at the next election. During the next two years the tariff question was the chief subject of discussion in all parts of the country, and there was much encouragement to expect, from the result of the elections of 1894, that the Republican party would be returned to power on that issue.

Platform of 1894.

The Republican State platforms of 1894 pledged the Republican party anew to the support of the protective policy.

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The silver question at this time was becoming a prominent issue. Nine Democratic State conventions declared for the free coinage of silver at the ratio of 16 to 1 in their platforms of that year. These States were Arkansas, Colorado, Idaho, Navada, North Carolina, Ohio, South Carolina, Washington and Wyoming. Three State conventions ignored the subject—Florida, Maine, and New Hampshire—while twenty-seven either endorsed the policy of President Cleveland in bringing about the repeal of the Sherman act, or else took a conservative position on the financial question.

The Congressional elections of 1894 returned 246 Republicans, 104 Democrats and 7 Populists. Democratic representatives almost entirely disappeared from the Northern States (only 7 having been re-elected), while at the same time 33 Republicans were elected from the Southern States. The Senate was composed of 42 Republicans, 5 Populists and 39 Democrats.

The Closing Months of Cleveland's Administration.

Congressional elections of 1894.

The Fifty-fourth Congress convened in December, 1895. Thomas B. Reed was elected Speaker, and Nelson Dingley, Jr., was made chairman of the Ways and Means Committee. The committee was composed of the following members of Congress: Nelson Dingley, Jr., of Maine, Sereno E. Payne of New York, John Dalzell of Pennsylvania, Albert J. Hopkins of Illinois, Charles H. Grosvenor of Ohio, Charles A. Russell of Connecticut, Jonathan P. Dolliver of Iowa, George W. Steele of Indiana, Martin N. Johnson of North Dakota, Walter Evans of Kentucky, James A. Tawney of Minnesota, George F. Crisp of Georgia, Benton McMillan of Tennessee, Henry G. Turner of Georgia, John C. Tarnsey of Missouri, Joseph Wheeler of Alabama and John L. McLaurin of South Carolina. President Cleveland in his message to Congress attempted to excuse and account for the hard times upon the ground "that the protective tariff of 1890 had checked our exports and our foreign trade, and that the presence of the greenbacks was a constant menace to the credit and confidence of the country." He took a decided stand against the free and unlimited coinage of silver, thus widening the breach between himself and his party. On December 20 the President sent another message to Congress urging that action be taken to satisfy the country that the government would faithfully discharge its obligations. As Mr. Dingley said: "The President having set the grass on fire and the blaze having got good headway, he now turns to Congress and says: 'The grass is on fire, gentlemen; I leave it to you to put it out.'"

President Cleveland seemed to have no conception of the real causes of the depression in business. He, however, could not consistently

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recommend legislation which would restore confidence, provide for the full employment of American labor and reopen the factories of the country that were being driven to the wall by the operation of the Gorman-Wilson law. This one essential remedy could not be proposed by Mr. Cleveland without repudiating his free trade doctrine. This he could not do; hence he attempted to make it appear that the real cause of the trouble was that feature of our monetary system under which paper currency had been issued payable on demand, for the redemption of which a gold reserve of $100,000,000 was required by law to be maintained in the treasury. The increase of competing imports and a decline in exports so reduced the apparent balance of trade in favor of the United States that it made necessary a large export of gold.

Our exports, save in exceptional cases, had not increased; foreigners had not come to our market to purchase, because we had not yet reduced wages sufficiently to enable us to sell cheaper than others. Hence the increased purchases, without a corresponding increase in exports, showed that we had not yet reached the point where we were selling as much as we were buying. The result was the almost weekly shipments of gold to settle the balance of trade which had turned against us. This was admitted by John G. Carlisle, Mr. Cleveland's Secretary of the Treasury, in an interview on September 11, 1895, published in the New York *World* the following day. Speaking of the causes of the exports of gold, Mr. Carlisle said:

> Unless there should be another scare in regard to the gold reserve such as we had before, or a financial panic, neither of which things, in my judgment, is likely to occur, there will be no necessity for another bond issue in October to preserve the reserve. The present removal of gold from this country is not due to any lack of confidence abroad in our national finances. It is simply the result of trade conditions. Our merchants are importing immense amounts of goods from Europe, which indicates that they expect a big business this Fall and Winter, and our gold goes abroad to pay for these importations.

Disastrous consequences of free trade.

Business men of New York, in order to obtain gold for export, presented greenbacks to the sub-treasury for redemption, received the gold, conveyed it to the wharves and placed it on board of vessels for transportation to the Old World. As more gold was required for export, this process was repeated and again repeated month by month. In this way the gold reserve in the treasury was being constantly depleted. As it fell below the $100,000,000 mark it became necessary to replenish it. The diminution of the gold reserve tended to alarm the business world and weaken the financial standing of the government. As months rolled by the conditions, instead of improving, grew constantly worse. As the Gorman-Wilson law continued to sap the vitality of the industries of the

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nation, Mr. Cleveland had postponed the issuing of bonds as long as he could, and now at this session of Congress his administration was further embarrassed by the necessity of legislation to authorize the issue of bonds which Mr. Cleveland desired to be made expressly payable in gold. The United States Senate at this time was controlled by the Democratic party and its free silver allies. Hence the enactment of a law expressly authorizing the issue of gold bonds was out of the question. The Republican party in Congress endeavored to relieve the embarrassment of the treasury by so legislating that increased revenues would be obtained from import duties as they had been obtained for years past. Mr. Dingley called the Ways and Means Committee together, and a bill was prepared which provided for the increase of import duties on lumber, live stock, cereals, dairy and other products, wool and woolen goods, which it was estimated, if enacted, would increase the revenue of the government by at least $40,000,000 per annum. Mr. Dingley in opening the debate on this bill said: "The first duty is to provide sufficient revenue to meet expenditures." The next day, in discussing the bond bill and the subject of the depletion of the gold reserve, Mr Dingley said:

> From 1879 to 1893 there was no run on the treasury gold. We had $100,000,000 of gold in the redemption fund all the time at that figure, the revenue being more than the expenditure; the country in a prosperous condition through the economic policy then prevailing; and when the industries of the country were prosperous nobody wanted gold. We can return to the same condition only by a return to the same economic system which then prevailed.

The revenue bill passed the House by a vote of 228 to 183. A bill authorizing the issue of bonds payable in coin, which had been prepared and introduced by Mr. Dingley, was passed by the Republican House, and on the first of February was passed by the Senate by a vote of 42 to 35, with an amendment favoring the free coinage of silver. Under the leadership of Mr. Dingley the free silver amendment was defeated in the House by a vote of 215 to 90. Mr. Dingley's revenue bill was defeated in the Senate by a combination of Democrats and Populists; hence no relief for the treasury deficit was granted by Congress at this session. The free coinage amendment of the bond bill raised the issue which disrupted the Democratic party and made the free coinage of silver a paramount issue from that time on. The Republican party had placed itself squarely in opposition to the free and unlimited coinage of silver, and was true to its traditions in the defence of the integrity of our financial policy. Congress adjourned on June 11, 1896.

Nomination of McKinley in 1896.

The Campaign of 1896.

The Republican National Convention met in St. Louis on June 16,

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1896, and nominated William McKinley for President and Garret A. Hobart of New Jersey for Vice-President. It reaffirmed its adherence to the policy of protection and upheld the gold standard.

The Democratic National Convention convened in Chicago on July 4, and nominated William Jennings Bryan of Nebraska for President and Arthur Sewall of Maine for Vice-President. It demanded the immediate restoration of the free and unlimited coinage of silver at the ratio of 16 to 1. It did not endorse the Gorman-Wilson act, but declared for a revenue tariff, condemned the Republican threat to restore the McKinley law, and opposed any agitation of or changes in the tariff laws until the money question should be settled.

The Issue Changed.

The campaign of 1896 will stand out as one of the most important in the political history of the country. The attempt on the part of the Democratic party to overthrow the protective policy had proven such an utter failure that it dare not at this time make the tariff an issue in the approaching election and attempt to justify the Gorman-Wilson law. Grover Cleveland, who had endeavored to make effectual the tariff policy of his party, retired from office utterly repudiated and intensely unpopular with its rank and file. The advocates of the free and unlimited coinage of silver of both Populistic and Democratic parties, and many Republicans in the silver producing States, now united under the leadership of William Jennings Bryan to change our monetary standard of values from a single gold standard to the double standard of gold and silver at a ratio of 16 to 1. It should be noted that the Populistic party and the Democratic party had for many years complained of the decline in the prices of farm products and of land values in the rural sections of the Eastern and Northeastern States. The remedy now offered for the low prices of farm produce and the decline in the value of agricultural land, of which the Democrats had complained, was the free and unlimited coinage of silver at the ratio of 16 to 1. A dollar of silver was then worth, as compared with gold, about fifty cents. Hence it was proposed to increase or inflate the value of property and the prices of commodities by reducing the standard of values one-half. Mr. Cleveland and a large following in his party known as "gold" Democrats, arrayed themselves openly against this vicious policy. The manner in which the question had been dealt with by Congress for many years and the arguments in favor of the free silver program entirely changed the current of discussion under which the great mass of the Democratic party had in previous campaigns assailed existing conditions. Mr. Bryan was a free trader; was educated in the same school of Democratic politics as Mr. Cleveland. They had been in consultation and had

Free silver a false remedy.

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co-operated in diagnosing the political case, and both had prescribed free trade as a universal cure-all for the evils of the body politic. It was now decided by Mr. Bryan that an improper diagnosis had been made, and that the real disease from which the people were suffering was the gold standard instead of protection. It was now claimed that the demonetization of silver which occurred in 1873 was the real cause of all the ills from which it had been claimed the people were suffering. It was now the "gold bug" instead of the "robber baron," the "money power" instead of the "manufacturers," that came in for denunciation and abuse. The demand for lower prices which had been the stock in trade of the tariff reformers was now changed to a campaign for higher prices, to be brought about by debasing our standard of values. Prices, especially of what the farmer had to sell, were now to be raised by reducing the value of the monetary standard, and debts were to be repudiated by payments in fifty-cent dollars. This issue disrupted the Democratic party. The gold Democrats placed in the field as their candidates for President and Vice-President, John M. Palmer of Illinois and Simon B. Buckner of Kentucky.

The importance of the tariff question was not lost sight of during the campaign. While in its first stages the financial question absorbed public attention, yet before its close the demand for a return to the protective policy was pressed to the front with great vigor in every part of the country. The people had in 1893 and 1894 decided this question in favor of the Republican party. McKinley was their hope and stay. He was hailed as the "Advance Agent of Prosperity," not altogether because they opposed the free coinage of silver so much as because they were devoted to the idea of protection to home industries.

William McKinley understood the sentiments of the American people better than any man in public life. He had met them face to face in the campaign of 1894, when they had so strongly condemned Mr. Cleveland's program. He realized in the very beginning of the campaign that the people now fully understood the tariff question and that they were demanding a return to the protective policy. To open the mills and not the mints, he declared was the remedy. In his letter of acceptance he said:

McKinley's letter of acceptance.

It is not an increase in the volume of money which is the need of the time, but an increase in the volume of business. Not an increase of coin, but an increase of confidence. Not more coinage, but a more active use of the money coined. Not open mints for the unlimited coinage of the silver of the world, but open mills for the full and unrestricted labor of American workingmen. The employment of our mints for the coinage of the silver of the world would not bring the necessaries and comforts of life back to our people. This will only come by the employment of the masses, and such employment is certain to follow the re-establishment of a wise protective policy which shall encourage manufacturing at home. Protection has lost none of its virtues and importance. The first duty of the

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Republican party, if restored to power in the country, will be the enactment of a tariff law which will raise all the money necessary to conduct the government economically and honestly administered, and so adjusted as to give preference to home manufacturers and adequate protection to home labor and the home market. We are not committed to any special schedules or rates of duty. They are and should always be subject to change to meet new conditions, but the principle upon which rates of duty are imposed remains the same. Our duties should always be high enough to measure the difference between the wages paid labor at home and in competing countries, and to adequately protect American investments and American enterprises.

During the last weeks of the campaign the tariff question was pressed for consideration with great vigor by the Republicans, and the known devotion of William McKinley to the cause of protection, together with the disasters which had befallen the country as a result of the Gorman-Wilson law, made victory possible and saved the nation from the evils of free trade and free silver.

The claim that hard times were brought about by the fear of the free coinage of silver is the most untenable excuse which could possibly be manufactured for the occasion. Mr. Cleveland was in favor of maintaining the gold standard. Immediately upon his inauguration he called an extra session of Congress, and with the aid of the Republican party secured the repeal of the Sherman law, under which a certain quantity of silver had been each year purchased by the government and certificates issued therefor. A decisive majority of Republicans was elected to Congress in 1894, and the Senate soon became Republican. Neither through Mr. Cleveland nor by any action of Congress was there the slightest danger of the gold standard being abandoned.

The Dingley Law.

Preparing the Dingley tariff bill.

During the closing months of the administration of President Cleveland the Ways and Means Committee, under the leadership of Mr. Dingley, was preparing the new tariff bill for presentation to the extra session of Congress, which it was known President McKinley would convene soon after his inauguration on March 4, 1897. The Ways and Means Committee remained without change, excepting that Charles J. Boatner of Louisiana and Seth W. Cobb of Missouri succeeded Messrs. Crisp of Georgia and Tarnsey of Missouri. Between December 28, 1896, and January 11, 1897, the Ways and Means Committee granted hearings to the various interests of the country concerning the preparation of the new bill. The work of the preparation of the various schedules was begun on January 13. Each schedule was taken up and carefully analyzed, and new rates, so far as it had been demonstrated were necessary

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to restore adequate protection to American labor and American manufactures, were inserted. The bill when completed was substantially a redraft of the McKinley bill, although the rates of duties on certain articles were lower than those contained in the former measure. On March 6, 1897, President McKinley by proclamation convened an extra session of Congress, which met on the 15th of March. The message of the President was very brief. He said, in part:

> With the unlimited means at our command, we are presenting the remarkable spectacle of increasing a public debt by borrowing money to meet the ordinary outlays incident upon even an economical and prudent administration of the government. Not only are we without a surplus in the treasury, but, with an increase in the public debt, there has been a corresponding increase in the interest charged. Congress should promptly correct the existing conditions. Ample revenues must be supplied, not only for the ordinary expenses of the government, but for the prompt payment of liberal pensions and the liquidation of the principal and interest of the public debt. . . . . The imperative demand of the hour is the prompt enactment of such a measure, and to this object I earnestly recommend that Congress should make every endeavor.

Mr. Reed had once more been elected Speaker, and he appointed the following members of the Ways and Means Committee: Messrs. Dingley, Payne, Dalzell, Hopkins, Grosvenor, Russell, Dolliver, Steele, Johnson, Evans, Tawney, Bailey, McMillan, Wheeler, McLaurin, Robertson and Swanson.

Mr. Dingley, who was again made chairman of the committee, made public a statement describing the general features of the bill which the Ways and Means Committee had prepared. He said:

The tariff of 1897 as framed.

> The bill has two purposes, namely, to raise additional revenue, and to encourage the industries of the United States. On the basis of the importations of the last fiscal year, the bill will increase the revenue about one hundred and twelve million dollars. The deduction of revenue due to anticipatory importations will leave a probable increased revenue for the first year, of about seventy-five million dollars, and for the second year about one hundred million dollars. The estimates are below the probable result, unless a considerable delay in the enactment of the bill should greatly enlarge the opportunity for imports of articles on which duties are to be raised. Undoubtedly any delay beyond the first of May in placing the bill upon the statute books would result in a large loss of revenue. In framing this new tariff the aim has been to make the duties specific, or at least partly specific, so far as possible, to protect the revenue and also to protect our own industries. It is a wise policy to encourage home production and manufacture, and thus provide employment at good wages for the laborers of our people, upon whose purchasing power depends the market for our products.

On March 18 the bill as prepared by the Ways and Means Committee

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was presented to the House of Representatives. The report of the Republican majority of the committee which accompanied the bill, in part was as follows:

> For nearly four years the revenue has been inadequate to meet the current expenditures and pay the interest on the war debt. This clearly justifies the convention of Congress to devise a prompt and adequate remedy. Nearly two hundred and three million dollars of the two hundred and ninety-three million dollars of borrowed gold have been used to supply an insufficiency of revenue. (It showed how the tariff of 1890 was practically nullified by anticipated reduction of duties in 1892 and 1893.) An imperative duty resting on this Congress is to so adjust duties in a revision of the tariff as to secure needed revenue to carry on the government and to protect the many industries which have so seriously suffered in the past three years from unequal foreign competition, and from the consequent loss of purchasing power of the masses of the people upon which the demand and the prosperity of every citizen depend.

The House began consideration of the bill on March 22. It was reported to the Senate, after passing the House, by Mr. Aldrich of Rhode Island, May 4, and taken up for consideration May 25. It passed the Senate July 7, and was reported back to the House, with Senate amendments, July 8. The bill finally passed and was signed by President McKinley and became a law on July 24, 1897.

The vote in the House of Representatives on the measure was 186 yeas, 115 nays, 41 not voting; and in the Senate the vote stood 40 yeas, 30 nays, with 19 not voting. It received the support of the Republican members of both branches of Congress. Twenty-eight Southern members of the House voted in favor of the measure. It received the vote of 5 Democrats and 1 Populist, while 16 Populists answered "Present" on the first passage, but did not vote against the bill, and only 4 Populists voted "No." Senators Bacon and Clay of Georgia, Tillman and McLaurin of South Carolina, McEnery of Louisiana and Martin of Virginia voted for certain high protective features of the bill, and Senator McEnery voted for the entire bill upon its final passage.

Some duties higher, others lower.

The Dingley bill as it passed the House imposed duties which in general were not so high as those contained in the McKinley law. The duty on tinplate was fixed at 1.5 cents per pound, while the rate under the McKinley law was 2.2 cents per pound. The iron schedule was left substantially as fixed by the Gorman-Wilson law. The cotton schedule was but little higher than that of the act of 1894. The schedules imposing duties on agricultural products, pottery, earthenware and glass were the same as those contained in the law of 1890. The duties on linen, linen goods and on flax were somewhat higher than those contained in the McKinley law, as were also the duties on liquors, tobacco, silk and laces. The rates of the McKinley law on lumber and manufactures of lumber,

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bags, cotton bagging and cotton ties were restored. The bill finally passed the House by a vote of 205 to 122.

Revival of Business.

Immediately following the election of 1896 joy and hope came to all classes of people, with results exactly the opposite of those which had taken place four years previously, when one could look forward to nothing but industrial disaster. The fires were kindled in countless mills throughout the country during the winter of 1896-7 and employment was given to millions of idle wage earners.

Effect of two policies contrasted.

The Dingley tariff within two years brought ample revenues to the treasury and raised the nation from the most distressing condition of unemployment and business depression to a state of full employment of labor and universal business prosperity. It not only redeemed the country from the unwise economic policy adopted by the Democratic party, but it consummated the plan of rounding out the industrial policy of the nation for which the Republican party had struggled for more than twenty years. The imports of competing commodities declined more than $148,000,000 the first year of the operation of the new law. This, however, was partly due to the heavy importations which took place in anticipation of increased duties. So, with an overstocked market, it took some time for our manufacturers to fully regain the home trade. Our export trade at once began to revive, reaching $1,200,000,000 in 1898, a gain of $346,000,000 in two years. The financial transactions cleared through our banks amounted to $11,000,000,000 more in 1898 than the last year of the Gorman-Wilson law, and $20,000,000,000 more than in 1894. The table on page 335, showing the state of the finances, industries and trade during the operation of the McKinley law, the Gorman-Wilson law and the first year of the Dingley law, places in instructive contrast the effect of the two policies.

Every branch of business and production immediately took on new life and entered upon a wonderful career of activity. Similar results might be shown by quoting the statistics of the productions of our mines, farms, and in fact every department of our industrial and financial activities. All of the ends which President McKinley had in contemplation were accomplished. He had recommended that the tariff be so revised as to "raise revenues," "preserve the home market to our own producers," "revive and increase manufactures," "relieve and encourage agriculture," "to aid and develop mining," and "to render to labor in every field of useful occupation the liberal wages and adequate rewards to which skill and industry are justly entitled."

During the thirty-five months of the operation of the Gorman-Wilson law, from September 1, 1894, to July 24, 1897, there was a total deficit in

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TABLE 10.

Showing How Commerce, Trade and Industries Were Affected by the Gorman-Wilson Law.

	1892.	1893.	1894.	1895.	1896.	1897.	1898.
Foreign Commerce	$1,857,680,610	$1,714,066,116	$1,547,135,194	$1,539,508,130	$1,662,331,612	$1,815,723,968	$1,847,531,984
Total Imports—Merchandise	827,402,462	866,400,922	654,994,622	731,969,965	779,724,674	764,730,412	616,009,654
Total Exports—Merchandise	1,015,732,011	831,030,785	869,204,937	793,392,599	863,200,487	1,032,007,603	1,210,291,913
Balance of Trade	202,875,686	—18,735,728[1]	237,145,950	75,568,200	102,882,264	286,263,144	615,432,676
Exports—Manufactures	159,510,937	158,023 118	183,728,808	183,595,743	228,571,178	288,285,391	290,697,354
Receipts—Customs	177,452,964	203,355,017	131,818,531	152,158,617	160,021,752	176,554,127	149,575,062
Receipts—Total	354,937,784	385,819,628	297,729,019	313,390,075	326,976,200	347,721,905	405,321,335
Expenditures	345,023,330	383,477,954	367,525,279	356,195,298	352,179,446	365,774,159	443,368,583
Treasury Balance	+9,914,454	+ 2,341,674	—69,803,260	—42,805,223	—25,203,246	—18,052,254	—38,047,248
Bank Clearances	60,883,572,438	58,880,682,445	45,028,496,746	50,975,155,046	51,935,651,733	54,179,545,030	65,924,820,769
Failures—Liabilities	114,044,167	346,779,889	172,992,856	173,196,060	226,096,834	154,332,071	130,662,899
Deposits in Savings Banks	1,712,769,026	1,785,150,957	1,747,900,880	1,810,597,023	1,907,156,277	1,939,376,035	2,065,631,298
Postoffice Revenue	70,930,476	75,896,933	75,080,479	76,983,128	82,499,208	82,665,463	89,012,618
Railroad Gross Receipts	1,169,036,840	1,207,106,026	1,066,943,358	1,092,395,437	1,125,632,025	1,132,866,626	1,249,558,724
Interest Bearing Debt	585,029,330	585,037,100	635,041,890	716,202,060	847,363,890	847,365,130	847,367,470
Sheep—Value	125,909,264	89,186,110	66,685,767	65,167,735	67,020,942	92,721,133	107,697,530
Sheep—Number	47,273,553	45,048,017	42,294,064	38,298,783	36,818,643	37,656,960	39,114,453
Pig Iron Production—Tons	9,157,000	7,124,502	6,657,388	9,446,308	8,623,127	9,652,680	11,773,934
Railroads—Miles Built	4,441	2,346	1,899	1,650	1,704	1,822	2,219
Vessels Built—Tons	199,633	211,639	131,195	111,602	227,097	232,232	180,458

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revenues of $105,180,701, while during a like period from July 24, 1897, to June 30, 1900, the Dingley law yielded a surplus of $57,935,062. The surplus was kept down to the extent of $45,000,000 on account of the large importations during the closing months of the Gorman-Wilson law. That our domestic manufacturers soon returned to the possession of the home market is shown by the decline in the importation of manufactured articles from $328,937,228 in 1897 to $259,801,751 in 1899. This fact is further emphasized by the increase in the imports of crude articles which enter into the various processes of domestic industry from an average of $200,000,000, during the years of 1895 and 1896, to $320,264,106 in 1900.

In an address before the Trades League of Philadelphia, on January 25, 1898, Hon. Lyman J. Gage, Secretary of the Treasury, reviewing the increases in wages which had taken place under the administration of President McKinley, said:

Great increase in wages.

Only a few weeks ago worsted manufacturers in Rhode Island restored the wage scale of 1893 in their mills, thus granting an increase of 20 per cent in the pay of about 25,000 operatives. . . . In the city of Philadelphia numerous woolen mills have restored the wages of 1893, and are so active that it is difficult and sometimes impossible to secure the help required to operate them; and woolen manufactures are booming all over the country. . . Within a few weeks after the November election of 1896, 15,000 men, idle for a long time, were put to work in the windowglass industry. Since then, as the revival has progressed, instances of advances in wage rates and of increases in numbers employed have multiplied. The resumption of work in rolling mills during the Summer in Alabama, Maryland, and Ohio gave employment to thousands of men. Indeed, in iron and steel and the industries directly dependent upon the consumption of iron as material I have it upon authority that there is an increase of at least 267,000 men employed over the preceding year. In addition to this large increase in the working forces employed in iron and steel and dependent branches, advances in wages ranging from 10 to 20 per cent have been made, and in some cases much greater, as the result of wages paid on a tonnage basis.

Since the passage of the tariff bill the tin-plate industry has wonderfully revived, and wages in this line have since the Summer been increased by rates varying from 8 to 12 per cent. The weekly output of coke at the end of 1897 was more than double what it was at the close of 1896, and in the Connellsville coke works there has been an increase in the number actually engaged from 10 to 20 per cent. The voluntary advance in wages by the leading companies in the coke industry has benefited thousands of men. The advance in wages of glass workers, determined upon at the close of the year, is so recent that Mr. Bryan must know of it. The pottery industry of Trenton during recent years has been greatly depressed, with many failures, and not half the hands have been employed until recently. Wages have now been advanced more than 12 per cent and there is a great increase in the number employed in this district, to the extent at this time of probably 5,000 or more. It was made public so recently as last September by an official of the New York trades union that there was then an increase of 34 per cent in the number of their men employed, compared with the previous year.

Near the close of November last the wage scale of the Missouri Pacific in its shops at Fort Scott was restored to what it was before the reduction of 1893. I

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have an accurate list of more than 250 mills, factories, and enterprises that have during the last six months resumed work, many of them having been idle since 1896, when the depression became more acute as the result of the agitation for the free and unlimited coinage of silver at the ratio of 16 to 1, "without the aid or consent of any other nation." Most of them have advanced wages over the old scale. All of them are running full time, most of them double time, and in many the fires are now never drawn nor the wheels stopped, three shifts being required to meet the heavy demands. This all indicates a great increase in working forces.

Reports, selected at random, covering various sections of the country, show that the movement toward higher wages continued. The report of the Michigan Bureau of Labor and Industrial Statistics states that a canvass of the factories in that State shows that in 1,382 factories the number of employes was 24,262 greater than in the year 1898, the average increase in these factories being 17.6 per cent, while the wages paid were found to be higher than in 1893 and greatly in excess of 1897 and 1896. A canvass of several hundred shops and factories in the State of Ohio shows the number of hands employed in 1899 to be 68 per cent in excess of the number in 1896 and the total monthly pay roll 80 per cent greater than in 1896, the earnings of the workers in the shops and factories in the State of Ohio being estimated at $3,000,000 per month in excess of those received in 1896.

Greater number of workmen employed.

The twenty-first annual report of the Bureau of Labor Statistics (1899) of Missouri shows that "the total amount of wages paid during 1898 (in the State) was $25,627,837, an increase over last year of $3,917.482."

The thirteenth annual report of the Bureau of Labor and Industrial Statistics (1899) of Maine shows that in average annual earnings of employes engaged in manufacturing cotton goods there was from 1890 to 1898 a decrease of $41.59, and during the past year (1899) an increase of $29.09.

The American Protective Tariff League made an investigation of the number of hands employed and the wages paid in March, 1895, and in March, 1898. The 2229 reports received showed as follows:

Hands employed.	March, 1898	269,329
Hands employed.	March, 1895	204,580
Gain.	March, 1898	64,749
Wages paid.	March, 1898	$10,198,136
Wages paid.	March, 1895	7,079,323
Gain	March, 1898	$ 3,118,813
Gain per cent in hands employed		3.165
Gain per cent in wages paid		44.05

The termination of the war with Spain forced upon the country the solution of many new and important problems. The acquisition of the

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What to do with the Philippines.

Philippine Islands, with eleven millions of Orientals, and of the island of Porto Rico, together with our great naval victories, brought the United States more prominently to the front rank of nations as a world power than ever before. The acquisition of foreign possessions and their government as territories forced upon the people the settlement of new questions of foreign policy and of the constitutional powers of Congress. The Spanish-American war had been undertaken not as a war of conquest, but solely for the purpose of rescuing the people of Cuba from a most cruel and tyrannical government, and to settle a controversy which had been a constant menace to the trade of the United States for many years. Our authority over the Philippine Islands began with the victory at Manila Bay. When the war closed the question of what to do with the Philippine Islands was not without its difficulties. To permit the Spanish government to restore its tyrannical rule would be a great injustice to the people. At the same time, to leave them at the mercy of the strong powers with which they were surrounded in the Orient was equaally abhorrent to the American people. But to keep them under the American flag, provide for them a form of government in harmony with our system of personal liberty and the institutions of the Anglo-Saxon race, and exercise a guardianship over them until they could be set free or admitted as one of the States of our Union, was conceived to be the discharge of a high duty which the United States owed to that unfortunate people. Hence a government was devised under which it is believed the people will in time be rescued from a state of barbarism to one of enlightenment, civilization, independence and prosperity.

In the campaign of 1900 the Republican party nominated William McKinley as its candidate for President and Theodore Roosevelt as its candidate for Vice-President. The Democratic party nominated William Jennings Bryan for President and Adlai Stevenson of Illinois for Vice-President. The tariff question was an issue of this campaign. The Democratic party in its platform condemned the Dingley law as a trust-breeding measure skillfully devised to give to the few favors which they do not deserve, and to place upon the many burdens which they should not bear. The convention also reaffirmed the platform of 1896, in which it was declared that

> We hold that the tariff duties should be levied for purposes of revenue, such duties to be so adjusted as to operate equally throughout the country and not discriminate between class or section, and that taxation be limited by the needs of the government honestly and economically administered. We denounce, as disturbing to business, the Republican threat to restore the McKinley law, and which has been twice condemned by the people in national elections, and which, enacted under the false plea of protection to home industry, proved a prolific breeder of trusts and monopolies,

and that

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Until the money question is settled we are opposed to any agitation for further changes in our tariff laws, except such as are necessary to make up the deficit in revenue caused by the adverse decision of the Supreme Court on the income tax.

The Republican party in its platform of 1900 declared:

We renew our faith in the policy of protection to American labor. In that policy our industries have been established, diversified and maintained. By protecting the home market competition has been stimulated and production cheapened. Opportunity to the inventive genius of our people has been secured and wages in every department of labor maintained at high rates, higher now than ever before, and always distinguishing our working people in their better condition of life from those of any competing country. Enjoying the blessings of the American common school, secure in the right of self-government and protected in the occupancy of their own markets, their constantly increasing knowledge and skill have enabled them to finally enter the markets of the world. We favor the associated policy of reciprocity so directed as to open our markets on favorable terms for what we do not ourselves produce in return for free foreign markets.

President McKinley, in his speech accepting the nomination, delivered at Canton, Ohio, on July 12, 1900, said:

Have those to whom was confided the direction of the government kept their pledges? The record is made up. The people are not unfamiliar with what has been accomplished. The gold standard has been reaffirmed and strengthened. The endless chain has been broken and the drain upon our gold reserve no longer frets us. The credit of the country has been advanced to the highest place among all nations. We are refunding our bonded debt bearing three and four and five per cent interest at two per cent, a lower rate than that of any other country, and already more than three hundred millions have been so funded with a gain to the government of many millions of dollars. Instead of free silver at 16 to 1, for which our opponents contended four years ago, legislation has been enacted which, while utilizing all forms of our money, secures one fixed value for every dollar, and that the best known to the civilized world.

Prosperity at home prestige abroad.

A tariff which protects American labor and industry and provides ample revenues has been written in public law. We have lower interest and higher wages; more money and fewer mortgages. The world's markets have been opened to American products, which go now where they have never gone before. We have passed from a bond-issuing to a bond-paying nation; from a nation of borrowers to a nation of lenders; from a deficiency in revenue to a surplus; from fear to confidence; from enforced idleness to profitable employment. The public faith has been upheld; public order has been maintained. We have prosperity at home and prestige abroad.

The Democratic party, under the leadership of Mr. Bryan at this time, while reaffirming its demand for the free and unlimited coinage of silver at the ratio of 16 to 1, and condemning the new currency law, passed by the Congress, made what is styled the Imperialistic policy of the Republican party an important issue of the campaign, and favored an immediate declaration of the nation's purpose to give to the Philippine

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Islands "first, a stable form of government; second, independence; and, third, protection from outside interference such as has been given for nearly a century to the republics of Central and South America."

The campaign was much less exciting than the previous one of 1896 had been. The people of the country had utterly lost confidence in the Democratic party. Its long warfare against the protective system, and now its renewed hostility to the stable and sound financial policy of the government, together with its demand that the American flag be lowered at Manila, left the party in a worse plight, if possible, than it was in 1896, especially when the prosperity of the country had been so fully restored through a return to protection.

McKinley inaugurated the second time.

President McKinley was inaugurated on March 4, 1901, and entered upon his second term under the most favorable and satisfactory conditions which had ever waited upon the people of the United States or their chief executive. The expansion of our country and the successes of our military and naval forces on land and sea had added to the glory and prestige of the United States, and the American flag was more respected in foreign parts than ever before in the history of the country. Our external and internal trade was expanding by leaps and bounds; our factories were running night and day; the people were fully employed, and great prosperity was witnessed on every hand. The gaining of a larger share of foreign markets, especially those of the South American republics, for our domestic exports, now became the subject of discussion in the public press. It will be remembered that under authority conferred upon the President by the McKinley law, when James G. Blaine was Secretary of State, reciprocity treaties were made with the South American republics which were designed to promote not only the foreign trade of the United States, but to secure through reciprocity treaties more favorable treatment of American products by foreign nations and to provide safeguards against unfair and unjust advantages in favor of other countries. The discriminative features of the policy of reciprocity treaties as favored by McKinley, Harrison, Blaine and the leaders of the Republican party have been pointed out in a previous chapter. The idea was to admit to the United States, free of duty, such commodities as we need and do not produce, upon condition of favorable treatment being extended by the contracting parties to our domestic exports. Such treaties were entered into under the administration of President Harrison, but were all revoked and the reciprocity clauses of the McKinley law were repealed by the Gorman-Wilson law. It has been mentioned in foregoing chapters that one of the chief arguments urged by the advocates of free trade against the protective policy from the close of the Civil War to 1892 was that by the stimulation of a system of manufactures and the development of our native resources

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under the protective system, our productions would overleap the consumptive capacity of the people; our markets would be glutted, and we would constantly suffer from overproduction. Hence the importance of an outlet for our surplus products was at all times urged with great force by the leaders of the Democratic party. In answer to this assumption many protectionists asserted that we were not suffering so much from overproduction as from underconsumption; that by sustaining our productive industries in a vigorous and prosperous condition the increase in the employment of labor, the increase in the wage fund, the increase in the earnings and spendable income of the people would be so great that finally the equilibrium between the urban and rural population of the country would be reached, and by the expansion and growth of our home market almost the entire product of the industry of the American people would be consumed at home, and that our foreign trade would increase in magnitude by the importation of non-competing commodities, and our exports would be increased by our ability to supply other countries with those things, which we would be able to make, either by better facilities, greater natural resources, or the genius and skill of our people.

McKinley and Blaine reciprocity.

One question, however, concerning our ability to invade foreign markets was thoroughly understood and perhaps more fully comprehended by William McKinley than any other American statesman, and that is the limitation of the market in the Old World for our manufactures as well as for our grains and provisions; hence the only hope of an extension of our foreign trade lay in the direction of the South American republics. It was to the countries of the Western Hemisphere that Harrison, Blaine, and McKinley looked in 1891 and 1892 for an extension of our foreign trade. The South American countries were buying their manufactured articles in the Old World. They were at the same time producers of many commodities which could be imported into the United States without displacing those made by American labor. The idea of improved trade relations in this sort of commodities has been over and over again expressed by William McKinley and by the Republican party. In his letter of acceptance of 1896 William McKinley said:

> The underlying principle of this legislation [reciprocity] must be strictly observed. It is to afford new markets for our surplus agriculture and manufacturing products *without the loss to an American laborer of a single day's work that he might otherwise procure.*

The Republican party declared in its platform of 1900:

> We favor the associated policy of reciprocity so directed as to open our markets on favorable terms for what we do not ourselves produce in return for free foreign markets.

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President McKinley said to Robert W. Tayler, June 7, 1901:

I favor only such reciprocity as will not take from one single American workingman his job.[1]

In an address delivered at the Pan American Exposition at Buffalo, on September 6, 1901, President McKinley stated:

McKinley's Buffalo speech.

By sensible trade arrangements, which will not interrupt our home production, we shall extend the outlets for our increasing surplus. . . . We should take from our customers such of their products as we can use without harm to our industry and labor. . . . What we produce beyond our domestic consumption must have a vent abroad. The excess must be relieved through a foreign outlet, and we should sell everywhere we can and buy wherever the buying will enlarge our sales and production, and thereby make a greater demand for home labor.

This was simply a reiteration of the principle which should govern reciprocity treaties as expressed by President McKinley in his message to Congress, March 4, 1897, as follows:

In the revision of the tariff especial attention should be given to the re-enactment and extension of the reciprocity principle of the law of 1890, under which so great a stimulus was given to our foreign trade in new and advantageous markets for our surplus agricultural and manufactured products. The brief trial given this legislation amply justifies a further experiment and additional discretionary power in the making of commercial treaties, the end in view always to be the opening of new markets for the products of our country by granting concessions to the products of other lands that we need and cannot produce ourselves and which do not involve any loss of labor to our own people, but tend to increase their employment.

The last utterance of President McKinley made it clear that the commodities admitted into the United States under such trade agreements must be limited to "such products as we can use without harm to our industries and labor."

It should be noted that the address was delivered at an exhibit of the productions of all of the countries of the Western Hemisphere, and at a time when the subject of the extension of the trade of the United States with those countries was under consideration, and a sentiment was being fostered in the governments of South America to bring about more favorable trade relations between them and the United States. It should, moreover, be borne in mind that Mr. McKinley's remarks on this occasion had sole reference to the extension of trade with the countries of South America and Central America, and that he had not in mind any policy of trade expansion by reciprocity arrangements with the competing countries

[1] *American Economist*, June 23, 1911, p. 361.

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of Europe. It is a most significant fact that in the same address in which the President was making an appeal on behalf of the people of the United States to the representatives of the nations whose commercial friendship we were cultivating, he should have so plainly and positively pointed out the nature of the commodities which were to be favored by such trade agreements. The declaration that such trade arrangements must be limited to those products "which will not interrupt our home production" leaves President McKinley by his last utterance on the subject the same devoted friend and defender of American industries and labor that he had been since he first entered Congress. It may be safely said that he never in any important speech which he delivered on the tariff question, failed to recognize the integrity of the home market as the keystone of the arch of protection.

By omitting the saving clause, designedly uttered, the enemies of American industries have created an impression that President McKinley had changed his views on the subject of protection and was ready to commit his party to the policy of sacrificing our home market in order that our foreign trade might be extended.

To William McKinley, more than to any other American statesman, is due the firm conviction implanted in the minds of the American people, that the foundation, the basis, the starting point, the unit of civilization and development, is human employment; that the beginning and the end of the mental and material progress of mankind is the wage paid to labor. This great fundamental principle of national economy is found embodied in and forms the basis of all of his great speeches on the tariff question. Between the claims of the idle rich, those who simply consume but do not produce, that the protective policy imposed upon them unequal burdens, and the claims of those who live by employment in productive industries, McKinley never faltered in throwing the weight of his opinion and influence in the scale with the latter. From the close of the Civil War until the mournful day of his taking off, his unceasing industry and great abilities were devoted to a mastery and exposition of the protective policy. At the same time he ranked high among American statesmen as an authority on all great public questions. He, however, had not given that careful study and consideration to the financial question that he had to the tariff question; yet when confronted with the problem in 1896 he displayed the same degree of good judgment and breadth of comprehension in dealing with that question which he had shown in treating other great problems of statesmanship. From the moment he became President until the close of his career he had constantly grown in the estimation, not only of the people of the United States, but of the entire world. He lived a pure, exalted life, with an untarnished reputation, and at the time of his death had the affections of the American people to a degree not exceeded

Among the greatest of American statesmen.

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by any of his great predecessors. He will rank in history among America's greatest Presidents and statesmen.

It was not at all unusual that the enemies of the protective policy should have seized upon expressions uttered by him in his last speech and endeavored to give them a false and unwarranted construction. An attempt has been made to create the impression that in this address he indicated that he had modified his views on the tariff question and was then in favor of a more liberal policy of commercial treaties than he had formerly favored; but this has arisen not from what he actually said, but from the publication of quotations from his speech omitting those sentences which prove beyond question that he did not change his views in the slightest degree. The manner in which his speech has been misquoted was very aptly shown by Joseph G. Cannon in a speech before the House of Representatives in opposition to the Canadian reciprocity agreement on the 19th day of April, 1911. Mr. Cannon said:

> Oftimes when McKinley's Buffalo speech is quoted the words "without harm to our industry and labor" are omitted. I endorse every word of that speech. It is in harmony with his official life and his action as a legislator. I have always been for that policy announced by McKinley and always expect to be for it.
>
> I recollect that a great candidate for office in 1904 read that extract; but he left out the words "without harm to our industry and labor," so that it would read, "We should take from our customers such of their products as we could use." I had to meet that quotation frequently, and I could always meet it in a sentence. Gentlemen will recall the old story about the infidel and the preacher. The infidel said that he could prove by the preacher's own Bible that there was no God. "Show me," said the preacher. The infidel turned over and found one of the chapters which David is supposed to have written, and he said, "There it is." It read, "There is no God." But the parson had read his Bible. He said, "You scoundrel, take your thumb off and read it all." And when he did so, it read, "The fool saith in his heart there is no God."

Roosevelt's Administration.

When Theodore Roosevelt took the presidential oath of office, immediately after the death of President McKinley, by assassination, in Buffalo, New York, in September, 1911, he declared that he would enforce and carry out the policies of his predecessor. In 1904 Mr. Roosevelt was the unanimous choice of his party in its campaign for President, and with Charles W. Fairbanks of Indiana as the candidate for Vice-President, was elected. The Democratic party nominated for President, Alton B. Parker, former Chief Justice of the Court of Appeals of the State of New York, and as its condidate for Vice-President, Henry G. Davis of West Virginia. Judge Parker was regarded as having entertained sound views on the financial question in the campaign of 1896. While on account of party regularity he did not join with the "gold" Democrats in support of Palmer

Roosevelt's election in 1904.

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and Buckner, it was understood that he was not in sympathy with the free silver propaganda supported by Mr. Bryan. He was nominated as a conservative. The Republican party at this time had the confidence of the American people in the highest degree. The people were enjoying great prosperity; labor was fully employed; business was active and vigorous; our external trade and internal industries had expanded since the restoration of the protective policy to an extent never before witnessed by the American people. Moreover, Mr. Roosevelt was exceedingly popular with all classes of American people, and the attitude of the opposing parties on the tariff question had not changed. In the tariff plank of its platform the Republican Convention of 1904 declared as follows:

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THE PROTECTIVE TARIFF.

Protection which guards and develops our industries is a cardinal principle of the Republican party. The measure of protection should always at least equal the difference in the cost of production at home and abroad.

We insist upon the maintenance of the principles of protection, and, therefore. rates of duty should be readjusted only when conditions have so changed that the public interest demands their alteration; but this work cannot safely be committed to any other hands than those of the Republican party. To intrust it to the Democratic party is to invite disaster. Whether, as in 1892, the Democratic party declares the protective tariff unconstitutional, or whether it demands tariff reform or tariff revision, its real object is always the destruction of the protective system.

However specious the name, the purpose is ever the same. A Democratic tariff has always been followed by business adversity; a Republican tariff by business prosperity.

To a Republican Congress and a Republican President this great question can be safely intrusted. When the only free trade country among the great nations agitates a return to protection, the chief protective country should not falter in maintaining it.

We have extended widely our foreign markets and we believe in the adoption of all practicable methods for this further extension, including commercial reciprocity wherever reciprocal arrangements can be effected consistent with the principles of protection and without injury to American agriculture, American labor or any American industry.

Democrats raise false issue.

It was at this time that the Democratic party assailed the protective policy, more especially as "a breeder of trusts and monopolies," and Mr. Parker in some of his speeches laid emphatic stress on this point. Yet the Democratic party labored under a great disadvantage in this respect, because the disastrous results of the Gorman-Wilson law were fresh in the minds of the people, and they had so recently witnessed such a sudden transformation from a period of hard times to a state of universal prosperity immediately following the return of the Republican party to power. The protective policy had been sustained in all of its integrity

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during the three years of Mr. Roosevelt's occupancy of the Presidential chair, with the exception, perhaps, of the Cuban treaty, which was criticised by many protectionists as involving to a great extent the withdrawal of protection from the cane and beet sugar producers of the United States; but during the administration in speeches delivered by President Roosevelt and by Secretary Elihu B. Root, the policy of protection was fully endorsed. Mr. Roosevelt, in a speech delivered at Minneapolis on April 4, 1903, in discussing the tariff question said:

Roosevelt's strong protection views.

The present phenomenal prosperity has been won under a tariff which was made in accordance with certain fixed and definite principles, the most important of which is an avowed determination to protect the interests of the American producer, business man, wageworker and farmer alike. The general tariff policy to which, without regard to changes in detail, I believe this country is irrevocably committed, is fundamentally based upon ample recognition of the difference between the cost of production—that is, the cost of labor—here and abroad, and of the need to see to it that our laws shall in no event afford advantage in our own market to foreign industries over American industries, to foreign capital over American capital, to foreign labor over our own labor. This country has and this country needs better-paid, better-educated, better-fed and better-clothed workingmen, of a higher type than are to be found in any foreign country. It has and it needs a higher, more vigorous and more prosperous type of tillers of the soil than is possessed by any other country. The business men, the merchants and manufacturers and the managers of the transportation interests show the same superiority when compared with men of their type abroad.

THE TARRIF IS ESSENTIALLY A BUSINESS PROPOSITION. WE MUST PRESERVE THE POLICY OF PROTECTION.

It is, of course, a mere truism to say that we want to use everything in our power to foster the welfare of our entire body politic. In other words, we need to treat the tariff as a business proposition, from the standpoint of the interests of the country as a whole, and not with reference to the temporary needs of any political party. It is almost as necessary that our policy should be stable as that it should be wise. A nation like ours could not long stand the ruinous policy of readjusting its business to radical changes in the tariff at short intervals, especially when, as now, owing to the immense extent and variety of our products, the tariff schedules carry rates of duty on thousands of different articles. Sweeping and violent changes in such a tariff, touching so vitally the interests of all of us, embracing agriculture, labor, manufactures and commerce, would be disastrous in any event and they would be fatal to our present well being if approached on the theory that the principle of the protective tariff was to be abandoned. The business world—that is, the entire American world—cannot afford, if it has any regard for its own welfare, even to advocate the advisability of abandoning the protective system.

Yet, on the other hand, where the industrial conditions so frequently change, as with us must of necessity be the case, it is a matter of prime importance that we should be able from time to time to adapt our economic policy to the changed conditions. Our aim should be to preserve the policy of a protective tariff, in which the nation as a whole has acquiesced, and yet wherever and whenever necessary to change the duties in particular paragraphs or schedules as matters of legislative details, if such change is demanded by the interests of the nation as a whole.

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Ruinous Effect Upon Business of General Revision.

Needless tariff tinkering deprecated.

In making any readjustment there are certain important considerations which cannot be disregarded. If a tariff law has on the whole worked well, and if business has prospered under it and is prospering, it may be better to endure some inconvenience and inequalities for a time than by making changes to risk causing disturbance and perhaps paralysis in the industries and business of the country. The fact that the change in a given rate of duty may be thought desirable does not settle the question whether it is advisable to make the change immediately. Every tariff deals with duties on thousands of articles arranged in hundreds of paragraphs and in many schedules. These duties affect a vast number of interests, which are often conflicting. If necessary for our welfare, then, of course, Congress must consider the question of changing the law as a whole or changing any given rates of duty; but we must remember that whenever even a single schedule is considered some interest will appear to demand a change in almost every schedule in the law; and when it comes to upsetting the schedules generally the effect upon the business interests of the country would be ruinous.

Trust Problem Not to Be Solved by Tariff Revision.

One point we must steadily keep in mind. The question of tariff revision, speaking broadly, stands wholly apart from the question of dealing with the trusts. No change in tariff duties can have any substantial effect in solving the so-called trust problem. Certain great trusts or great corporations are wholly unaffected by the tariff. Practically all the others that are of any importance have as a matter of fact numbers of smaller American competitors; and, of course, a change in the tariff which would work injury to the large corporation would work not merely injury but destruction to its smaller competitors; and, equally of course, such a change would mean disaster to all the wage-workers connected with either the large or the small corporations. From the standpoint of those interested in the solution of the trust problem such a change would, therefore, merely mean that the trust was relieved of the competition of its weaker American competitors, and thrown only into competition with foreign competitors; and that the first effort to meet this new competition would be made by cutting down wages, and would, therefore, be primarily at the cost of labor. In the case of some of our greatest trusts such a change might confer upon them positive benefit. Speaking broadly, it is evident that the changes in the tariff will affect the trusts for weal or for woe simply as they affect the whole country. The tariff affects trusts only as it affects all other interests. It makes all these interests, large or small, profitable; and its benefits can be taken from the large only under penalty of taking them from the small also.

Declaration of the Democratic Platform of 1908.

In a speech delivered by Secretary Root before the Home Market Club of Boston on April 2, 1903, he said:

First, I assume that the principle of protection should be maintained. I am not going to argue the question of protection and free trade. The second adminis-

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tration of Cleveland is not so completely forgotten yet that that question needs to be argued in this country now.

Next I assume it to be true that the people of the United States are now enjoying a period of extraordinary and unexampled prosperity, and I assume that we don't want that prosperity to end. We don't want the mills closed. Dust gathering on the merchants' shelves; the army of the unemployed reappearing in our streets and prices reduced because of the inability of the people to buy things which contribute to the comfort and enjoyment of life have caused an unmarketable surplus. A marked feature of our present prosperity is the wonderful diffusion of wealth which it involves.

Notwithstanding a long course of contraction in speculative activity, money is scarce to the point of stringency in the great moneyed centers in the face of the existence in the country of a greater amount of currency per capita than we have ever had before in our history.

Money Is Plenty and All the People Have Got It.

That isn't because the rich men have got the money. Their money is in the banks, available for use in New York and Chicago and Philadelphia and Boston. Money is scarce in the money markets because all the millions of people all over the United States are using it. They've got it in their pockets. They've got it in the little country banks. They are buying things with it. It is circulating from hand to hand among the people of small affairs. Never in the world was so much money being so well used to contribute to the comfort, happiness and uplifting of so many people; never was so great a mass of people so well fed, well clothed, well housed, well employed, well supplied with books and magazines and newspapers, able to educate their children, able to gratify the generous impulses of benevolence and charity and to perform the duties of thoughtful citizenship, freed from the harsh conditions of poverty, as in these United States under the operation of the commercial system embodied in the tariff law which bears the name of that faithful and modest public servant, Nelson Dingley. We do not wish this stopped even though some men are growing richer than others.

Stability a Vital Need.

Importance of stable conditions.

Stability in the law—a sure and certain basis for the calculations of men who are investing their money in productive and commercial enterprises—is the fundamental requirement of business prosperity. Business can adjust itself to almost any law if business men know what it is and what it is going to continue to be, but when the adjustment is once made theoretical improvements are quite likely to be practical injuries, while the uncertainty of a fluctuating law prevents any adjustment whatever. If a law is working well as a whole, and the community is prosperous under it, common sense requires that we should endure some faults, even though they be serious, rather than destroy the general good effect by constant tinkering. The question presented by a demand for tariff revision is not whether there shall be revision or not. That, of course, must be done at some time. But it is whether the time has come when there can be revision without its doing more hurt than it does good to the people of the country as a whole.

No Piecemeal Changes.

In considering the question, the people should understand that a tariff law can-

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not be changed by piecemeal. There can be no such thing as partial revision. There are fourteen schedules in the Dingley tariff, treating of 463 classes of articles, not including the free list of 242 classes of articles. Many of these numbered classes include many separate and different articles of production. Altogether they make up the enormous range and variety of the diversified production of the most intense and extensive industrial activity ever known. You, good American citizen, who feel that Congress should immediately proceed to make certain changes in the tariff, in accordance with your interests or your views of public policy, ought to remember that there are some 80,000,000 other people in the United States, a large part of whom have their views about the tariff. Many of them are interested in the production of some of the tens of thousands of articles included in these 463 classes subject to duty. Most of them can suggest changes which would be beneficial to their personal interests.

All of the 80,000,000 are interested in the use of dutiable articles. All of them are represented in Congress. They are as much entitled to have their wishes and their views heard and considered as you are to have yours heard and considered; and when your wishes and views are presented to Congress, theirs will be represented by their representatives, and will receive, as they ought to receive, equal consideration with yours. During the revision of the tariff, which resulted in what was known as the McKinley bill of 1890, over 1,200 separate formal petitions were received by Congress; some from States; some from boards of trade; many relating to the specific schedules and to specific articles covering almost every item of the tariff. This does not include the tens of thousands of applications to individual Congressmen. The only way in which Congress can properly pass upon the multitude of questions thus presented is by ascertaining the facts and giving petitioners an opportunity to support their claims by evidence, which will show the needs of business and the effect upon business of the changes demanded and opposed. You may be able to support your views in a day; a hundred others granted the same right would occupy a hundred days.

Tariff revision complexities.

Tariff Revision Difficult.

When the House Committee has satisfied itself as to the facts, and its conclusions, embodied in a bill, are reported to the House, the bill is subject to discussion by 386 Congressmen, every one of whom represents constituents deeply interested in the result, and most of whom have constituents dissatisfied with the bill, no matter what it is. When the House has acted the Senate Committee must examine the facts, and when it has reported the bill the Senate must discuss it. When the Senate has acted, the differences between the Senate and the House, which are certain to be numerous and important, must be settled in conference, and the action of the conference committee is again subject to consideration and discussion in both houses. No amount of industry and efficiency can avoid this long and laborious process. The hearings and discussions upon the Dingley bill lasted from March 18 to July 24, 1897, a period of over four months, notwithstanding the fact that the Republican members of the Ways and Means Committee commenced the preparation of the bill immediately after the Presidential election of 1896, so that the Congressional consideration commenced with the introduction of a fully framed and carefully considered bill, and Congress was in special session, with nothing else to do. The discussion and consideration of the Wilson tariff bill, after the Ways and Means Committee had completed their work, occupied Congress from December 19, 1893, until August, 1894, a period of over eight months. The hearings and discussions of the McKinley bill occupied Congress from December 16, 1889, until October 1, 1890, a period of nine and one-half months.

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A revision of the tariff is thus a great and difficult task, not to be disposed of in a few days or a few weeks; not to be undertaken casually or except for grave and serious reason.

Only when it becomes a real necessity.

Nor should any American be impatient with the slow and tedious process which I have described. It is the necessary method of popular government. The swift and peremptory decrees of an absolute monarchy can make and change tariff laws without discussion or delay, but 14,000,000 voters, represented by 386 Congressmen and 90 Senators, cannot. Full hearing of many interests and many sections, conflict of views, long-continued discussion and slow action upon important and complicated matters are necessary incidents of popular sovereignty. You cannot have the capacity for swift action by your government in such matters and retain liberty also.

Effect Upon Business.

The effect of this long-continued but necessary discussion upon production and commerce and consumption furnishes the chief reason why revision should not be undertaken until it becomes a real necessity. It is not merely on account of the changes of duty that may be made by a revision of the tariff, but on account of the changes that are threatened that the business of the country is unsettled. The moment the discussion begins, uncertainty begins, with the manufacturer, the farmer, the merchant, as to the outcome of his investment of money and labor; uncertainty as to his market, and uncertainty as to the competition which he must meet and the prices he can realize for his product or his purchases. Business calculation loses the data upon which to proceed; far-reaching enterprise waits; new enterprises cease; business is done from hand to mouth; men hesitate to buy the raw material to manufacture, when in a few months their competitors may get it cheaper; men hesitate to produce, when before the product is finished they may be called upon to meet unforeseen and incalculable elements of competition.

Thus the market for the farmer, the miner and the manufacturer alike is narrowed. The tendency is toward contraction. The purchasing power of the men thrown out of employment is reduced, and thus the market is still further narrowed. Credit is contracted. Weak concerns are in peril; confidence is lessened. There never was a tariff revision yet that the country before the process was over was not longing to have it done with in some way or other in order that production and commerce might know what they had to expect. The process of revision is an evil in itself of no small proportions, no matter what comes of it, and the question of revision always is, not whether there are faults in an existing tariff, but whether those faults constitute an evil greater and more injurious than the evil of revision.

Not a Trust Remedy.

A second consideration is that you cannot get rid of the trusts by revising the tariff, unless you are ready to reduce the duties in the classes of manufacture in which the so-called trusts are engaged—that is to say, in all the principal kinds of manufacture—to such an extent as to put an end to all American manufacture. In each class the trust is the strongest and most able to contend against adverse conditions and lowered prices. In each class, if duties are lowered below the point of adequate protection, the independent manufacturer will go to the wall first; the trust will be the last one to go. It is impossible that reduction of duties should wipe out trusts except as it wipes out American manufacture. When that happens there will be no one left in the field but the foreign manufacturer, and as trusts are the feature of the day in foreign countries, free-trade and protectionist alike, as well as in our own, you will have substituted the foreign trusts for domestic

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trusts, and the prosperity of foreign workmen, for the prosperity of American workmen.

Tarriff Not a Local Matter.

Tariff for the country as a whole.

A third thing to be remembered is that out of no possible revision is anybody likely to get the kind of tariff law that he wants. Massachusetts cannot have her tariff, nor Pennsylvania hers, nor Texas hers, nor California hers. Each State surrendered its right to have its own tariff framed according to its own ideas for the benefit of its own industries when the Constitution of 1787 became the supreme law of the land; and now the one tariff law that applies alike to every State, to all the varied and often conflicting interests of our vast territory, from the lakes to the Gulf, from the Atlantic to the Pacific, must be made up upon compromise, and concession and compensation, recognizing and providing for the great multitude of interdependent needs, the sum of which shall be not what you most desire in Massachusetts, or we most desire in New York, but what as a whole gives the most fair and equal opportunity and advantage for every man who anywhere in America sets plow to furrow, hand to fabric, or pen to ledger.

The compromises of the Constitution did not end with its ratification; they but began. The surrenders of the Constitution are yearly renewed. Who can regret this surrender? It was made by our fathers each to the others, and it is renewed by us that we may be one country, without divisions or barriers, to trade throughout all its domain. How rich a return we have all received! To this surrender of the right to have local interests alone determine a local tariff, more than to any other concession by the States of the Union, the workers of the American farms and forests and mines and factories owe a domestic market for their product to which the industrial history of mankind affords no parallel. To this surrender more than to any other we owe the internal commerce of the United States, which in this year is estimated to reach the stupendous value of $20,000,000,000, and to about equal the total value of the international commerce of all the world; and to this more than to any other we owe the wonderful development of our agriculture, our manufactures and our commerce, the solidity of our union, the permanence of our institutions, and the dignity, power and glory of our nation.

A Choice Between Evils.

One thing a revision of the tariff may accomplish. If in any case the rate of duty on a manufactured article is so high, compared with the cost of domestic production, as to enable the producer, whether trust or independent, to charge an unconscionable price without meeting the competition of imported duty-paid goods, a reduction of the duty without violating the principle of protection may compel a reduction of the price to the level of fair and reasonable profits. In considering when and how this proper object of tariff revision shall be sought, I repeat again, the question is whether there are really existing evils to be cured as great as the evils to be endured from the unsettling of business, the check to enterprise, the shaking of confidence, which accompany the long and difficult process of revision that I have described.

In determining when and how that process shall be undertaken, two cardinal rules should be observed.

First, it should be done only when Congress is as free as possible from the distractions and temptations of an active political campaign. When Congress settles down to attend to business it is a very wise, competent and effective body. When it is playing politics it contributes more brilliancy to the impending campaign than it does of substantial value to the statute book. The longer the time that is to

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intervene before an important election, the more free from prejudice will be the consideration, the more pointed will be the discussion, the more sincere will be the treatment, and the more prompt and effective will be the action of the representatives of the people upon any question of tariff revision.

The most important declarations of these two speeches in support of the protective policy are found in those paragraphs which take the decided stand that the protective policy was not a breeder of trusts and monopolies, as has been so persistently urged by the Democratic party. It was President Roosevelt's idea then, and during his succeeding administration, that the trust question should be dealt with entirely apart from the tariff question, and that the destruction of the industries of the country by the overthrow of the protective policy was not the method to be adopted in dealing with the so-called trusts and monopolies.

The people were not to be deceived by the Democratic ground of attack. They understood full well that the method of conducting business through large aggregations of capital had grown up, not only in the United States, but in all great civilized countries, and that the vast expansion of our foreign trade and our power to invade foreign markets were due in great part to the strength and competitive power of corporations having at their command an abundant capital. It was fully appreciated that the removal of those barriers which protected our industries would place them at the mercy of large and powerful organizations of the capital of England, France and Germany which could inundate the American market with competing commodities and plunge our country into another period of idle mills, unemployed labor, low wages and business failures.

The enforcement of the plan of abolishing protection as a means of abolishing trusts must in the first instance inevitably lead to the destruction and elimination of all the small and independent concerns. The large corporations alone would survive. The power of American labor to demand remunerative wages would be a thing of the past because of the enforced idleness of the workers thrown out of employment. The surviving large corporations would continue to carry on their operations in the United States only so long as they were able to get labor as cheaply here as they would be able to get it abroad. Such a leveling process would completely disorganize American labor and drive millions of artisans to seek subsistence by tilling the soil; then would come a vast overproduction of agricultural products, a glut of the market, and such a lowering of values as would make agriculture unremunerative. The equilibrium between the farm and the factory would then be completely destroyed, and the entire structure of our industrial life would be shattered into fragments. Chaos would come again.

Would ruin independent producers.

Upon the restoration of prosperity by the enactment of the Dingley law there was a brief period of rest from tariff agitation. For a time it

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seemed that the opposition to the protective policy had, in a great measure, diminished because of the bitter lesson learned in the free trade period of 1893-97. Even the enemies of protection appeared to have learned something, for in the campaign of 1900 the Democratic party chose for its paramount issue the question of so-called Imperialism as related to the acquisition of the Philippine Islands at the close of the war with Spain. The Democratic platform of 1900 contained the customary reprehension of a tariff for protection, but the Democratic orators and writers wisely refrained from the overstrenuous advocacy of a return of free trade. In 1904 the Democrats took up the tariff once more as a leading issue, this time under the pretence that trusts and monopolies were fostered by protection.

The Campaign of 1908.

Nomination of Taft and Sherman.

The Republican party nominated William H. Taft of Ohio and James S. Sherman of New York as its candidates for President and Vice-President, respectively, and the Democratic party again chose William Jennings Bryan as its candidate for President and nominated John W. Kern of Indiana for Vice-President. Mr. Taft had enjoyed a long and distinguished public career in the judicial and executive departments of the government, and during the administrations of President Roosevelt, as Governor of the Philippine Islands, as Secretary of War and Secretary of State, he had become conspicuous among the statesmen of the country.

While Mr. Taft had not made himself active as a champion of the protective policy, he was a Republican and of a distinguished family of Republicans of the State of Ohio. His father was Secretary of War in the administration of President Grant.

Mr. Sherman, by a long and useful career in the House of Representatives, was recognized as one of the leaders of the party, and was known to be one of the most staunch and uncompromising advocates of the protective policy. This was the third time the Democratic party had put Mr. Bryan forward as its standard bearer. Whatever else may be said of Mr. Bryan's attitude on the tariff and other public questions, his fatal blunder in demanding free and unlimited coinage of silver at a ratio of 16 to 1 in 1896 and the fact that he was known not to have changed his views on that subject, made his success before the American people absolutely impossible. Mr. Bryan, while a representative in Congress in 1892, was a member of the Democratic Ways and Means Committee, and in 1894 assisted in the framing of the Wilson tariff bill.

Declaration of The Democratic Platform of 1908.

We welcome the belated promise of tariff reform now offered by the Republican party in tardy recognition of the righteousness of the Democratic position on

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Democratic platform of 1908.

this question; but the people cannot safely intrust the execution of this important work to a party which is so deeply obligated to the highly protected interests as is the Republican party. We call attention to the significant fact that the promised relief is postponed until after the coming election—an election to succeed in which the Republican party must have that same support from the beneficiaries of the high protective tariff as it has always heretofore received from them; and to the further fact that during years of uninterrupted power no action whatever has been taken by the Republican Congress to correct the admittedly existing tariff iniquities.

We favor immediate revision of the tariff by the reduction of import duties. Articles entering into competition with trust-controlled products should be placed upon the free list, and material reduction should be made in the tariff upon the necessaries of life, especially upon articles competing with such American manufactures as are sold abroad more cheaply than at home; and gradual reduction should be made in such other schedules as may be necessary to restore the tariff to a revenue basis.

Existing duties have given to the manufacturers of paper a shelter behind which they have organized combinations to raise the price of pulp and of paper, thus imposing a tax upon the spread of knowledge. We demand the immediate repeal of the tariff on wood pulp, print paper, lumber, timber and logs, and that these articles be placed upon the free list.

This platform pledges the Democratic party anew to the free trade policy. It demands, first, that all imports competing with the products of American concerns of large capital, which necessarily includes similar products of smaller and independent concerns, shall be placed on the free list; second, it demands free trade in wood pulp, print paper, lumber, timber and logs, unmindful of the fact that logs were already on the free list in the tariff law of 1897; third, a material reduction of the tariff on the necessaries of life, which practically embrace all the products of American labor; fourth, such reduction on imports of articles the like of which are sold abroad more cheaply than at home; and last, though not least, such a reduction of duties as shall gradually "restore the tariff to a revenue basis"—that is, to a free trade basis. An analysis of these propositions leads to the necessary inference of a carefully devised scheme for the complete overthrow of the policy of protection, and the exposure of domestic industry in all lines to the unrestricted competion of the cheaper labor of foreign countries. No construction other than that of persistent enmity toward American labor and industry can be placed upon the proposition to inflict the penalty of free trade upon domestic producers who, in order that their mills shall be kept busy and their labor employed at full wages, shall occasionally dispose of their surplus production in foreign markets at prices slightly lower than the prices which prevail at home.

The pseudo-economists who framed this primitive plan seem to have overlooked, or perhaps, were incapable of comprehending, the fact that in all such exports at reduced prices American materials are used and American labor is employed, and that our favorable trade balance is in-

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creased to the extent of such marketing abroad of our surplus production. They also failed to recognize the force of a basic industrial and economic truth, namely, that by so much as domestic production can be maintained at high water mark, by so much the unit cost of production is kept at the lowest point, and by so much the cost to the domestic consumer is reduced. It is easy to see that foreign competitors would highly approve and greatly enjoy the benefits conferred upon them by thus penalizing American producers, for the practical result would be not only to shut out American competition in foreign markets, but, through the removal of tariff protection, to destroy the home market as well. As a matter of well-established fact, only a very small part of the sum total of American industrial production finds a foreign outlet at less than American prices. The Industrial Commission of 1900 investigated this subject thoroughly, with the result of showing that as much of American manufactures are sold abroad at higher prices as are sold at prices lower than those at home. It was demonstrated, as the result of the facts testified to before the commission, that not exceeding one-thirtieth of one per cent of the total of American manufactures are marketed abroad at less than domestic prices. This percentage of articles exported at less than domestic prices is very largely made up of patented articles or articles produced by patented machinery or processes. Should the penalty of free trade be inflicted upon the producers of such articles, the material result would be the abandonment of the American plants and the transfer of production to European countries where the cheapest labor can be had. Under the present system of protection these producers are required to build and operate their plants in America, to use American materials and to employ American labor at the American scale of wages. Is it possible that the pseudo-economists of the Cobden school can improve upon this system?

The Trusts.

Free trade not a corrective of trusts.

Since the formation of our government the advocates of free trade have struggled to prevent the establishment of a system of manufacturing in the United States, and in every instance where they have failed to accomplish their purpose they have endeavored to bring about such a reduction of protective duties as would cripple, make unprofitable and drive into bankruptcy those industries which had been established. The assertion that protective duties should be repealed for the purpose of destroying trusts is a subterfuge for the purpose of misleading the people and creating a prejudice against the protective system, for small concerns and all industries, now carried on under the sharpest competition and entirely free from the elements of trusts or combinations, would be the first to perish under free trade. Every well-informed statesman, financier and economist knows that trusts exist in Germany, France and England, and

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Imperfect conception of protection.

that they are fostered and encouraged by the governments of those countries. It is also known that if every vestige of protection were swept away and every large concern were driven out of business by low duties or free trade, the American market would at once be seized, to be exploited by foreign trusts and monopolies beyond the jurisdiction of our courts and the reach of our laws. It would place the American people at the mercy of alien trusts and deprive them of the power to impose such regulations as would correct the very evils of which they complain. It is a significant fact that those who have advocated the removal of protection from "trust-made goods" inaugurated the recent assault on American industries by attacking the American farmer, the sheep raiser, the cotton and woolen manufacturers and other industries not carried on by trusts. Those who advocate the policy of repealing protective duties for the purpose of destroying the so-called trusts are either enemies of American industries or have an imperfect conception of the essential purposes of the protective system. The object of protection is to build up our country by the development of its resources, and provide opportunities for the employment of our people at remunerative wages. By the protective system we compel business men to invest their capital, erect their factories and conduct their enterprises within the United States. They must work up our native materials and employ domestic labor. We say to the capitalists, if you desire to supply the American market, you must make the goods you sell in that market. We say to them, if you erect your factories in Europe or in China or in Japan and employ cheap labor, you shall not be permitted to inundate our market with the products of half-paid, degraded labor and reduce our working people to the wage level of the Old World. This was the central idea embodied in the declaration of industrial independence issued by Washington on the 4th day of July, 1789, when he signed the first protective tariff law. Under this beneficent policy the capital of the Old World has been flowing into the United States. Manufacturers of the great civilized countries of Europe have been coming here, bringing their machinery and skilled artisans and establishing industries. They have come because we guaranteed them security under protection and a profitable field for the prosecution of the industrial arts. Our own men of means and ability have been turned and directed to these pursuits until the United States has become the greatest manufacturing, industrial and commercial nation in Christendom. We have created here, under this system, the laboring man's paradise. Labor in America is the best paid, best fed, best clothed, best housed and the most independent of any labor in the world.

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The Law of the Gravitation of Capital.

Protective tariffs are imposed not only to keep competing commodities made by the half-paid labor of the Old World out of the United States, but to keep capital and industries in the United States. The question, then, is, shall we banish capital from our country? Shall we so legislate that it will be for the interest of capital to emigrate and take up its abode in foreign countries? Shall we compel those who desire to engage in manufacturing to set up their plants at those points on the globe where labor can be employed at the lowest rates?

How capital can emigrate.

Back of capital is the instinct of self-preservation of its owner; and a rational owner always means to employ his capital in the way to yield him the largest income; and from this fact results the further fact, which as a broad, general law, can be relied upon as absolutely as the law of gravitation in physics, that capital always gravitates towards the area of greatest profit, or the point where the difference between cost of production and market price is the largest; from which latter fact it follows that, in order to secure the greatest possible profit, capital must find the lowest possible cost of production before finding a market at the highest possible price. But this is not only true, namely, that the greatest profit can be secured only by producing where the cost of production is lowest; for it is just as true that capital can be sure of conservation where competition is general, only by gravitating to the point of lowest cost, it being self-evident, that, seeking the greatest profit, so much capital would gravitate to the area of lowest cost that in the long run competing capital which remained at locations of relatively high cost would necessarily be dissipated.

In view of the raid on American protective tariffs at the present time, an interesting question is, how rapidly and to what extent will capital gravitate from a country when all barriers damming it up therein are taken away?

In answer, the law of physical gravitation clearly illustrates this law of economic gravitation. If a dam in a watercourse has caused the water to stop half way down a slope, the dam being broken, the question of how rapidly and to what extent the water will flow away to lower levels will be determined by the steepness of the slope and the capacity of lower levels to receive the water from the broken dam; and to find out how rapidly and how long American capital will gravitate towards the lowest costs of production after the removal of the protective dam which has held it in the United States, will be determined by the steepness of the hill the capital must go down and the size of the depression at the bottom which is to contain it.

How steep is the hill from the American level of costs to the average cost-level of the world?

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Intrinsic cost of all production.

The intrinsic cost of all production is merely the cost of the subsistence of the producers. In the case of a world-wide competition, it is certain that that group of producers would finally supply the world's markets who could support life on the smallest amount of its own products and have the largest surplus to sell, up to the point when that surplus would satisfactorily cover the world's demand, and so kill off all competition from the remainder of the world. Of course, this would mean the absolute destruction of organized industry throughout the world, except in that part of it where the cost of subsistence was the lowest and, therefore, where life could be sustained upon what was left of the product after the rest of the world had been supplied at prices which made competition impossible.

Since cost of production is thus shown to be mere cost of subsistence, and since there never has been such universal freedom of trade as to cause the great majority of laborers to live on wages so low that they are gradually being defibered and destroyed by an insufficient subsistence, for the purposes of comparing production costs it will be quite accurate enough to consider wages as representing costs of subsistence, that is, costs of production.

The wage-roll, then, being taken as the cost-bill of production, where does the United States stand?

She stands at the highest cost of production in the world; because her wage-roll, by all odds, is the highest in the world. Taking her wage-roll as the standard and letting it be represented by 100, Great Britain in comparison has a wage-roll of from 40 to 50; Germany, from 25 to 35; France, from 20 to 25; the far Orient, from 5 to 10.

It should be noted that freights to the American seaboard, even from the far Orient, are often less than freights for similar weights from, say, New York to Chicago; and that foreign steamship lines to reach the Western, Southern and Pacific States make through rates in conjunction with American railroads by which manufacturers in the eastern United States are thrown out of competition with European manufacturers.

Would be a boon to foreign producers.

In other words, if American protective tariffs were done away with, and if the present high rate of wages in America were maintained, capitalists in Great Britain would be making 100 per cent profit on goods sold in the American market at the exact cost of American goods; capitalists in Germany would be making from 200 to 300 per cent on goods sold in the same market at the exact cost of American goods; French capitalists, from 300 to 400 per cent profit; Spanish and Italian capitalists, from 400 to 500 per cent profit; capitalists in the rest of the world, from 500 to 1,000 per cent, at prices in the American market which would merely return to the American producer his naked cost.

The above generalization is based upon absolutely ascertained facts.

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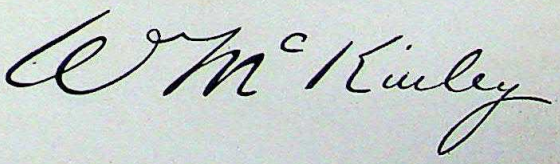

"WE LEAD ALL NATIONS IN AGRICULTURE; WE LEAD ALL NATIONS IN MINING; WE LEAD ALL NATIONS IN MANUFACTURING. THESE ARE THE TROPHIES WHICH WE BRING AFTER TWENTY-NINE YEARS OF A PROTECTIVE TARIFF."

WILLIAM M'KINLEY.

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Let the reader judge as to the speed at which American capital would gravitate to other countries upon the removal of all barriers to its outward flow.

As to the extent to which American capital would thus continue to gravitate, it is only necessary to compare the whole world's outside area with that of the United States. The United States has about three million square miles in its continental area; the world has about fifty-three million. The United States has about ninety million people; the world outside has about one and one-half billion. Therefore, the world outside has about sixteen times as much territory and about sixteen times as many people as the United States; and its average cost of production, judging from its average pay-roll, is not higher than 20, as compared with 100 in the United States.

The conclusion is that, with all protective barriers removed, American capital would gravitate abroad with very great rapidity, and that it would keep on gravitating until the American wage-roll had fallen to an average of 20, as compared with its present 100. The principal producing countries have high protective tariffs; their markets are jealously reserved for the enrichment of their own people; and there is not the slightest likelihood of their reducing their tariff barriers to follow the suit of the United States; and until they expose their own people to world-wide competition, their pay-rolls will constantly rise rather than fall because of their protective policies. But this would make no difference with the surplus which these countries would have for sale at an average of 20. Commercial countries notoriously rid themselves of domestic surpluses by offering them to foreign markets at "clearing-sale" prices; and it is easy to imagine that the sum of these surpluses for the world would be sufficient to fill the entire American demand. Weakened, as it would be, because of the complete disorganization of its industrial and, therefore, wage-earning system by the gravitation of American capital to foreign fields.

A country without capital.

What would be the final result? Either the restoration of protective barriers against the gravitation of American capital, or the utter annihilation of the American nation. For a country without capital is not capable of maintaining a national organization.

It was the law of the gravitation of capital which drove the iron industry from the New England States. It was in obedience to the same law that capitalists have erected cotton mills in the Southern States. The Singer Sewing Machine Company has built a branch factory at Kilburnie, Scotland, the Westinghouse Company, at Manchester; the Chicago American Tool Company, in Scotland; the Western Electric Company of Chicago, in London, Paris, Antwerp and Berlin; the Hoe Company, in London, and many other concerns have established plants abroad at

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points of the lowest cost of production in order to supply foreign markets at the greatest profits.

What concern is it of the beef trust whether the cattle it slaughters are raised in the United States, Mexico or South America? Capital would adjust itself to any economic condition imposed by law. If the duties were removed on the importation of cotton, woolen, silk and linen goods it would close the mills in America, and the fabrics would be produced in Europe at the points of the lowest cost of production.

If we should commit the folly of removing the barriers which hold our large concerns in the United States, self-preservation would drive them to the Old World. This would be the inevitable result of free trade in trust-made goods unless wages in the United States were reduced to the foreign level. We can now understand why Bismarck said, "I wish I could immediately create a few hundred millionaires. They would expend their money in the country, and this expenditure would act fruitfully on labor all around. They could not eat their money themselves; they would have to spend the interest on it. Be glad, then, when people become rich with us."

The life-blood of a civilized country is its capital, and to conserve and encourage capital is to conserve and encourage the growth of a country.

Amenable to Federal and State laws.

The evils resulting from the trusts grew out of the methods adopted by them in the prosecution of business, and not at all from the fact that they are enabled to conduct manufacturing or other industrial enterprises by reason of protective duties. If as a result of combinations or unfair business methods they destroy domestic competition or restrain trade and commerce, they are amenable to Federal and State laws enacted for the express purpose of preventing such unlawful acts. The government is possessed of ample power through the courts to correct the evils of which complaint is made. It would be as rational to destroy our banking system because officers and directors have in some instances misapplied funds and defrauded depositors, as to extinguish manufacturing corporations because of the commission of unlawful acts in restraint of trade. So the trust question is entirely apart from the tariff question, and they should be considered and dealt with independently. We should encourage and conserve the investment of capital in large enterprises, and protect the people against its unlawful use by wise and proper laws and regulations.

The Democratic party also demanded publicity of campaign contributions; the regulation of trusts and railroads; favored an income tax as a part of the revenue system of the government, and condemned the tendency toward alleged centralization of power in the government.

On the subject of tariff revision the platform adopted by the Republican National Convention of 1908 made the following declaration:

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The Republican party declares unequivocally for the revision of the tariff by a special session of Congress immediately following the inauguration of the next President, and commends the steps already taken to this end in the work assigned to the appropriate committees of Congress which are now investigating the operation and effect of existing schedules. In all tariff legislation the true principle of protection is best maintained by the imposition of such duties as will equal the difference between the cost of production at home and abroad, together with a reasonable profit to American industries. We favor the establishment of maximum and minimum rates to be administered by the President under limitations fixed in the law, the maximum to be available to meet discriminations by foreign countries against American goods entering their markets, and the minimum to represent the normal measure of protection at home, the aim and purpose of the Republican policy being not only to preserve, without excessive duties, that security against foreign competition to which American manufacturers, farmers and producers are entitled, but also to maintain the high standard of living of the wage earners of this country, who are the most direct beneficiaries of the protective system.

This is the only tariff plank ever adopted by the Republican party which has been subjected to a critical analysis as to the definite meaning of the specific words used and as to the specific nature of the promises and pledges which it contained.

The following are the pledges given for the future action of the party:

First. A *revision* of the tariff by a special session of Congress immediately following the inauguration of the President-elect in 1908.

Second. The establishment of the system of maximum and minimum rates of duties . . . the minimum to represent the normal measure of protection at home. By the concluding sentence, the maintenance of the system of adequate protection is declared to be the end to be accomplished by any changes which might be made in the existing rates by the *revision* which was to be undertaken. A more positive enumeration of the two essential principles of protection could not be made.

On strict protection lines.

First. "*Security against foreign* competition to which *American manufacturers, farmers* and *producers* are entitled.

This boldly proclaims the doctrine of excluding the importations of competing commodities from our domestic market for the express purpose of preserving that market for our home labor and industries. It not only pronounces against a reduction of duties to a point so low as to encourage such imports, but it requires that in all instances where existing duties are not high enough to accomplish that end they shall be increased. Hence, the Republican party did not promise a *downward* revision of the tariff. It did not declare for either a downward or an upward revision. It promised a revision which would establish the system of maximum and minimum rates, the lower or minimum to secure full and adequate protection, the maximum rates to serve as a defense

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and a retaliation against unfair discrimination against American exports. Another sentence of the platform deserving special attention declares that "in all the tariff legislation the true principle of protection is best maintained by the imposition of such duties as will equal the difference between the cost of production at home and abroad, *together with a reasonable profit to American industries.*"

Adequate protective duties not excessive.

The expression that the duties should be high enough to equal the difference in the cost of production at home and abroad is as old as the history of the subject. Although not an exact statement of the point, it has been used by protectionists for so many years to roughly express the measure of a protective duty, that its meaning has become fixed and well understood. The difference in the cost of production, as used in tariff phraseology, was never intended to be limited to the exact cost of manufacture. It has always been understood to mean the cost of placing foreign-made goods on our market to be sold in competition with those made in America. It is a well-known fact that commodities may be purchased abroad at less than the actual cost of production, and a large surplus may be dumped on our market and sold at a loss to break down and ruin our domestic industries. An abundant harvest may cause a glut in the market and an abnormal surplus to be sold at a sacrifice.

The concluding part of the plank, however, rejects every possible interpretation which might be placed on the platform against the continuance of adequate protection to all industries by declaring that

> The aim and purpose of the Republican policy being not only to preserve, without excessive duties, that security against foreign competition to which American manufacturers, farmers and producers are entitled, but also to maintain the high standard of living of the wage earners of this country who are the most direct beneficiaries of the protective system.

To guard our industries against injury from such practices, and even by duties which exceed the actual difference in the cost of production, is within the well-understood requirement of the expression quoted. Duties which are high enough to meet such contingencies are not "excessive," as the word is understood and applied by sound protectionists. Neither are duties which are prohibitive or high enough to absolutely exclude competing imports "excessive" because the platform not only favors duties high enough to secure the American market for domestic industry and labor, but declares that *they are entitled to it.*

Revision simply means to look over or examine for the correction of errors, or for the purpose of suggestions, or making amendments, additions or changes. The revision promised by the Republican platform

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was to be made in strict accordance with the principles of the protective system, which are fixed and unmistakable.

The expression, "together with a reasonable profit to American industry," has never before been inserted in a protective tariff plank. Although not definitely stated, it had always been implied as a necessary element of protection, and for more than a hundred years was a part of the phraseology used by the protectionist statesmen and economists in stating the ends to be accomplished by the system of protection.

Duties should be high enough.

The same idea was expressed by McKinley in his letter accepting the nomination in 1896, when he said: "Our duties should always be high enough to measure the difference between the wages paid labor at home and in competing countries, *and to adequately protect American investments and American enterprise.*"

This should be noted, because it is of importance in arriving at the reason for a departure from the usual course which had long been pursued by the Republican party in endorsing the protective policy in its platform by distinctly emphasizing a feature of the system which was so well understood as showing the purpose which such clause was intended to serve.

This platform was intended, by those who prepared it, to be either an honest declaration in support of sound protection principles or a piece of political strategy designed to deceive the protectionists. At the time of its adoption opposition had arisen in the country and existed to some extent within the Republican party against the Dingley law. This movement, which had been given encouragement by President Roosevelt and many Republican newspapers, manifested itself in demands for reciprocity treaties, more liberal importations of competing commodities and in a revival of arguments in support of free trade doctrines. Hence, when the Republican National Convention convened there were two opposing elements to be appeased: the downward revisionists and the sound protectionists. The promise that a revision of the tariff would be made at a special session of Congress, while it did not pledge the party to a *downward revision* or to a departure from sound protectionism, has proved to be the most unfortunate declaration ever incorporated in a Republican platform, for as soon as the Republican party succeeded in carrying the election, it was interpreted by the enemies of American industries as a pledge for a *downward* revision and an abandonment of protection. Even the Payne-Aldrich law, which greatly reduced the rates of the Dingley law, was denounced as a betrayal of the people and as a breach of the pledge contained in this platform.

The platform contains not a word or sentence which warrants such interpretation. It is a sound protectionist platform, and if anyone has been betrayed or taken in it has been the protectionists, not, however, by

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the platform, but by the unjustifiable construction which has been placed on its plain and unmistakable language by downward revisionists.

The "reasonable profit" stipulation.

For months before the convention assembled, a revision of the tariff after the election of 1908 having been promised by the administration, the subject had been very fully discussed, and it was now settled that if the Republican party was continued in the control of the government a revision of the tariff would be undertaken. This caused no little uneasiness in the minds of the manufacturers, because they well knew what "tinkering with the tariff" meant to business. Hence, to allay their fears and to doubly assure them that their interests would be faithfully guarded, the "reasonable profit" clause was inserted. No more sacred or distinct pledge was ever made by a political party upon which it asked and received the support of a large and influential body of citizens than this one. The plank was approved by President Roosevelt at the White House, sent from there to Chicago, and adopted by the Committee on Resolutions and by the convention without change. The campaign was conducted and the election carried on this platform. This plank contains the last declaration of the party on the question. The claim that has been so often and persistently made by the enemies of American industries, that the Republican party promised either a "downward revision" or a departure from the protective policy, is without foundation.

Mr. Taft, in a speech accepting the Republican nomination for the office of President, delivered at Cincinnati, Ohio, on July 28, 1908, declared, in substance, that the chief function of the next administration would be to complete and perfect the machinery for making effectual the legislative policy which had been pursued by President Roosevelt. In discussing the tariff question he gave his unqualified approval to the protective system and interpreted the Republican platform to mean that in the revision which had been promised the rates of duty should be fixed at a point which would secure adequate protection to home labor and industries, and also secure a reasonable profit to the American producer. President Taft said:

Republican Doctrine of Protection.

The Republican doctrine of protection, as definitely announced by the Republican convention of this year and by previous conventions, is that a tariff shall be imposed on all imported products, whether of the factory, farm, or mine, sufficiently great to equal the difference between the cost of production abroad and at home, and that this difference should, of course, include the difference between the higher wages paid in this country and the wages paid abroad and embrace a reasonable profit to the American producer. A system of protection thus adopted and put in force has led to the establishment of a rate of wages here that has greatly enhanced the standard of living of the laboring man. It is the policy of the Republi-

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can party permanently to continue that standard of living. In 1897 the Dingley tariff bill was passed, under which we have had, as already said, a period of enormous prosperity.

Necessity for Revision of Tariff.

The consequent material development has greatly changed the conditions under which many articles described by the schedule of the tariff are now produced. The tariff in a number of the schedules exceeds the difference between the cost of production of such articles abroad and at home, including a reasonable profit to the American producer. The excess over that difference serves no useful purpose, but offers a temptation to those who would monopolize the production and the sale of such articles in this country to profit by the excessive rate. On the other hand, there are some few other schedules in which the tariff is not sufficiently high to give the measure of protection which they should receive upon Republican principles, and as to those the tariff should be raised. A revision of the tariff undertaken upon this principle, which is at the basis of our present business system, begun promptly upon the incoming of the new administration and considered at a special session with the preliminary investigations already begun by the appropriate committees of the House and Senate, will make the disturbance of business incident to such a change as little as possible.

Taft on the necessity for revision.

This declaration contained no intimation that a plan of revising the tariff, one schedule at a time, was to be introduced, or that the duties were to be fixed at a point which would throw American labor and industries into competition with their rivals in the Old World. Nor was any suggestion made that the principle so distinctly approved by the Republican platform, that the protective duties were to remain high enough to secure to American industries a reasonable profit, was to be ignored or set aside. In the address delivered by Mr. Sherman on August 18, 1908, at Utica, in response to the speech of notification delivered by Senator Burrows, the nominee for Vice-President said:

A Discussion of the Tariff Issue.

First, then, let me say that I am a protectionist. I am sufficiently practical to value the utility of a fact higher than the beauty of a theory, and I am a protectionist because experience has demonstrated that the application of that principle has lifted us as a nation to a plane of prosperity above that occupied by any other people.

Sherman's uncompromising protectionism.

I especially commend that plan of our platform which promises an early revision of tariff schedules. That pledge will be fulfilled in an adjustment based in every particular upon the broad principles of protection for all American interests; alike for labor, for capital, for producers and consumers. The Dingley bill when enacted was well adapted to the then existing conditions. The developments of industrial prosperity in a decade, which in volume and degree have surpassed our most roseate expectations, have so altered conditions that in certain details of schedules they no longer in every particular mete out justice to all. In this read-

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justment the principle of protection must and will govern; such duties must and will be imposed as will equalize the cost of production at home and abroad and insure a reasonable profit to all American interests. The Republican idea of such a profit embraces not alone the manufacturer, not alone the capital invested, but all engaged in American production, the employer and employed, the artisan, the farmer, the miner and those engaged in transportation and trade; broadly speaking, those engaged in every pursuit and calling which our tariff directly or indirectly affects. During a statutory application of this principle, prosperity has bided with us. When a revenue tariff has been the law, adversity and want have been our portion. Our Democratic brethren, whose memories are as short as their promises are frail, and who have always exhibited a lack of capacity to profit by experience, unmindful of the distress and destruction that arrived and departed with the last Democratic administration, declare in their platform that they favor such "immediate revision . . . schedules as may be necessary to restore the tariff to a revenue basis." A "revenue basis," a "tariff for revenue only," "ultimate free trade"—all have an identical meaning; that meaning being an assault upon American industries, an attack upon the American wage scale, a lessening demand for the products of American soil and American toil; less work, less pay, less of the necessaries and comforts of life. In the light of history, what issue of the campaign so vitally affects American citizens? Experience, that effective teacher—effective save with the one-man power now parading under the title of the Democratic party—has taught the nation a valuable lesson, and the result of the coming November election will once more prove the American people to be apt scholars. What the laborer of the land, skilled and unskilled, desires is the opportunity at all times to exchange his brain and brawn for good pay in good money. A protective tariff and the gold standard, both now the existing achievement of the Republican party, in spite of Democratic opposition, give the laborer that opportunity.

The campaign was conducted by the Republican National Committee and the several State committees upon the theory that the protective policy was not to be disturbed. The Republican Presidential ticket was elected, a majority of Republicans were returned to the House of Representatives, and the Senate remained Republican.

While there was much agitation favoring a revision of the tariff during the latter part of President Roosevelt's administration, it did not assume formidable proportions, nor was it sufficiently pronounced to occasion any alarm in the minds of the great mass of the people. President Roosevelt resisted all overtures for taking up and reopening the tariff question under his administration. The universal sentiment expressed by the leading Republicans of the country was that if the tariff needed revision, such revision should be made by the friends of the protective policy. We had reached, and in one respect at least were living in, a new political era of national affairs. The generation of statesmen which had directed the affairs of the nation between 1880 and 1900, and of which James G. Blaine, Benjamin Harrison, Thomas B. Reed, William McKinley and many others whose names might be mentioned were conspicuous figures in the great drama of American politics, had nearly all passed away. New figures had appeared; new political questions and problems of the

A new era in political affairs.

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greatest importance had been forced to the front for solution and were receiving the most earnest and careful attention of the people. Among the great subjects of legislation undertaken were the regulation of railroad and other corporations engaged in interstate commerce and transportation, as well as those prosecuting productive enterprises. The conduct of business on a large scale through vast aggregations of capital had been of steady growth in the United States, as well as in all of the great industrial nations of the world, as modern civilization had advanced and reached higher stages of perfection. The policy of regulating and controlling corporations had been as old as corporations themselves; for, in fact, corporations are but creatures of governments and mere agencies for promoting business. On account alone of the limited liability secured to the shareholders of corporations, States by their inherent power have always assumed the right to impose limits on their operations and methods of dealing with the public and with other corporations. So the principle was well understood and recognized, that, if, arising from the special form of organization under which those who conduct business enterprises through this medium they were enabled to destroy competition, restrain trade and create a monopoly in any branch of transportation or industry, when engaged in interstate commerce the government was not without power to apply such regulations and restraints upon their activities as would remedy any and all evil practices which might exist.

Higher stages of perfection.

While the power to regulate corporations was concededly vested in the several States, subject to whatever limitations might be imposed by constitutional provisions, the extension of the policy of regulating corporations to the federal government and making it the great central medium for regulating corporations engaged in interstate and foreign commerce, had not been made a distinctive feature of the policy of the Republican party until taken up by President Roosevelt as a prominent feature of his administration. The principle, however, was embodied in the interstate commerce act, passed in 1887 under the first administration of Mr. Cleveland, and the Sherman anti-trust law, enacted in 1890. The questions arising out of an enforcement of the Sherman anti-trust law and the extension and perfection of the system of governmental regulation in interstate transportation, absorbed public interest during all of Mr. Roosevelt's term of office, and the work of his administration was endorsed by the Republican platform in 1908, approved by President Taft in his address of acceptance, and was, by the promise of the party and by the announced declaration of Mr. Taft, to be carried to such a state of legislative perfection as to make effectual the entire policy, designed as it was to secure fair competition, prevent restraints of trade, combinations to destroy competition, and the formation of combinations which had for their purpose the monopolization of trade and commerce.

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The Republican platform of 1908 declared for equal opportunity for all in the following words:

Platform declaration of 1908.

Under the guidance of Republican principles the American people have become the richest people in the world. Our wealth to-day exceeds that of England and all her colonies, and that of France and Germany combined. The United States now owns one-fourth of the world's wealth and makes one-third of all manufactured products. In the great necessities of civilization, such as coal, the motive power of all activity; iron, the chief basis of all industry; cotton, the staple foundation of all fabrics; wheat, corn, and all the agricultural products that feed mankind, America's supremacy is undisputed. And yet her great natural wealth has been scarcely touched. We have a vast domain of three million square miles, literally bursting with latent treasure, still waiting the magic of capital and industry to be converted to the practical uses of mankind; a country rich in soil and climate, in the unharnessed energy of its rivers, and in all the varied products of the field, the forest and the factory. With gratitude for God's bounty, with pride in the splendid productiveness of the past, and with confidence in the plenty and prosperity of the future, the Republican party declares for the principle that in the development and enjoyment of wealth so great and blessings so benign there shall be equal opportunity for all.

The Tariff Revision Movement.

Strange chapter in economic history.

The events leading up to the tariff revision of 1909 constitute a strange chapter in the economic history of the American people. After several years of extraordinary prosperity, the equal of which had never been known in any country, agitation looking toward the destruction of that prosperity began to take definite shape. It was as though one had grown weary of drinking pure water and had determined upon befouling the fountain source. The tariff of 1897 had done its perfect work. From out the depths of bankruptcy, ruin, misery and want, the nation had been lifted to an unparalleled height of well-being. The tariff of 1897 was a complete return to the doctrine and policy of protection. The miserable mistake of 1892 had been corrected and repudiated. The country had come to its senses once more. The story of conditions altered for the better, and of the recrudescence of the same feeling of uneasiness and the desire for change that had brought on the calamities following the free trade period of 1893-'97, is well told in an address and an appeal in behalf of tariff stability adopted at the annual meeting of the American Protective Tariff League in January, 1905, as follows:

The agitation for tariff revision which began almost directly following the Presidential election of 1904 must be regarded as one of the most extraordinary episodes in connection with American politics. After more than seven years of restored prosperity resulting almost wholly from the operations of a tariff law affording needful and adequate protection to industry; after more than seven years of the largest employment of labor at the highest wage rate ever known in the indus-

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trial history of any country; after seven years of business and industrial activity far surpassing anything known in the world's history; after seven years of steady increase in the accumulated wealth of all classes of society—an accumulation in which the wage earner had his full share, as is shown by an increase of more than $2,000,000,000 in the savings banks deposits, building and loan investments, and wage earners' life insurance—in the face of all these conditions, which would ordinarily serve to inspire satisfaction and insure stability of fiscal and economic policy, the movement for tariff revision is an astonishing development. It is the more astonishing in view of the fact that it is shared to a considerable extent by those who are identified with the party of protection and prosperity.

The Democratic tariff revisionist we always have with us. The free trade tariff reformer is a familiar figure. From them we have grown accustomed to expect a never-ceasing agitation for tariff changes; for economic convulsions. We look for it and are prepared for it. We know what to do with it and about it.

A disintegrating force asserts itself.

When, however, a disintegrating force asserts itself inside of the Republican party, when men professing adherence to the "cardinal principle of protection" align themselves with the enemies of that policy and undertake to force upon the party in power the tearing up of our system of tariff protection, the situation presents aspects of unusual gravity and importance. It calls for earnest consideration and wise action on the part of those who have not permitted themselves to be carried out upon the wave of "tariff reform" into the sea of business turmoil and industrial storm. It calls for calm counsel and careful deliberation. It calls for a specific answer to the questions:

What is the urgency for tariff revision?

What are the defects, inequalities and abuses of the existing tariff law that clamor so loudly for rectification?

What are the unjust conditions now existing which demand "remedial legislation" that is only another name for wholesale tariff changes?

What condition, what state of things exists now, in the first month of the year 1905, that did not exist seven months ago, when the Republican National Convention pledged itself anew to the continuance of the policy of protection, pledged itself to undertake tariff revision only when conditions existed that should imperatively require such revision for the best good of the whole country?

What condition exists today that did not exist in the political campaign which began with the assembly of that convention in June and ended with the verdict of the people at the ballot box on the eighth of November last?

During that campaign, not one word was uttered by the thousands of speakers employed in the Republican cause that pointed toward the tearing up of the present tariff law. On the contrary, the Republican campaign was rightly and wisely conducted upon the wisdom, the effectiveness, the beneficence of Republican tariff policies and Republican tariff legislation.

The voters of the United States were asked to choose between the party of tariff destruction and the party of tariff maintenance. Their choice was made.

By a plurality in the popular vote of upwards of 2,500,000, a figure exceeding the combined pluralities received by all the candidates of the Republican party since its birth, the people decided for tariff protection maintenance and against tariff destruction. With that decision the friends and supporters of protection were content.

The people by an enormous majority have once more expressed their complete approval of that system and policy. They have declared unmistakably in favor of at least four years more of tariff peace, of tariff stability.

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They have declared against a renewal of the disastrous experiences attending the most recent experiment in tariff revision downward.

They have decided that "tariff reform" is only another name for tariff destruction.

Tariff disturbance not called for.

They have said that they do not want to have the tariff disturbed again. That is how the verdict of last November is interpreted by the friends of protection.

In view of the facts, the consideration and conditions herein set forth, the American Protective Tariff League earnestly protests against a movement which can by no possibility result in benefit, but must in the very nature of things bring upon the country a period of unrest, uncertainty, instability and alarm.

The best that can happen to business, to trade, to industry, to production, to labor, is that stable conditions should remain stable when such conditions result in the largest production and the largest consumption.

This is no time to meddle with our tariff system; no time to exploit theories, guesswork and hearsay as a reason for wholesale tariff changes.

At a time when all labor is profitably employed, when business is flourishing, when the aggregate wealth of all the people is rapidly increasing, when domestic consumption is at high water mark, when foreign trade has reached the largest figure ever known in our history, tariff changes and tariff legislation should be approached with extreme caution, with great reluctance.

Twelve years ago the country discovered how easy it was to tear down prosperity through tariff changes. That result should not be forgotten. It should still admonish the restless reformers, the busy theorists, the uneasy agitators and even the ambitious politicians, to keep their hands off. It should enforce the wisdom of letting the tariff alone.

Seven years, nine years or twelve years is not too long a life for any good tariff. The present tariff, while not wholly perfect, not wholly free from faults and inequalities, is very much the best tariff this country has ever had.

It may and some time will be desirable to make some changes in that tariff. It is quite possible that some of the existing duties may be reduced; it is more than possible that many of the existing duties and classifications should be changed for the sake of fairer and more adequate protection.

The case for upward revision is fully as strong as the case for downward revision. But the upward revisionists are not clamoring for changes. They prefer rather to endure those ills they have than fly to others that they know not of. Therefore,

An earnest remonstrance.

Resolved, That The American Protective Tariff League, firm in the belief that the Dingley tariff law of to-day is beneficial to all lines of industrial activity and to all the departments of trade, commerce and business, and in the full confidence, born of bitter experience, that a tariff emanating from the brains of theorists, reformers and revisionists will prove an infinitely less desirable tariff than the one we now have, earnestly remonstrates against any tariff changes looking toward even a partial readjustment of the present schedules. It urges that the tariff be allowed to remain as it is until such time as it shall have been clearly demonstrated by general experience and practical knowledge that changes in the schedules will be productive of a degree of benefit to the whole country that shall outweigh the disadvantages and the injuries resulting from tariff revision. It urges upon the Republican party the duty and the expediency of permitting the country to go on prospering and accumulating the fruits of prosperity. It urges the need of stability, of certainty. It urges that the tariff be let alone.

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The truth of the situation could hardly have been stated with more of the accuracy that is born of practical knowledge and sound judgment. This address, this appeal for tariff stability, was the expression of able and experienced business men; captains of industry they may rightly be called; manufacturers representing nearly all lines of industrial production; big employers of American labor, with heavy payrolls to meet and constantly called upon to deal with the problem of finding a market for their products that would enable them to meet those payrolls. It has been remarked that just as truly as the pay envelope is the basis of all business—of the business of the merchant, the banker, the railway magnate, the steamship owner, the doctor, the lawyer and the clergyman—so surely the payroll is the most serious and solemn thing in the life of an employer of labor. He may fail to pay when due a debt incurred for material or for supplies; he may default for a few days the payment of a note due at the bank; in these he may fall short in and still continue in business until the tide turns and the time comes when he is able to make good. But he cannot default on a payroll for a single day, scarcely an hour beyond the customary time for handing out the pay envelopes. Default in this means suspension, closed doors, bankruptcy, ruin. No one knows this better than the strong men of business whose view was expressed in the address and appeal from which we have quoted. They knew, what many of our public servants, many of our national legislators and many of our newspaper writers seem strangely ignorant of, that in tariff stability alone are to be found the conditions which make for steady employment, for the promptitude of the pay envelope, and for good business generally.

Conditions essential to good business.

So powerful and so sensible an appeal for security against the ills and evils of tariff agitation and tariff uncertainty ought to have been effectual in turning public opinion back into safe and sane channels. But it was not so. Professional agitators, politicians eager for notoriety, theorists, experimentalists, doctrinaries, "reformers" (so-called), all joined in the hue and cry against the Dingley tariff and demanded wholesale reductions in the rates of duty. Men elected to public office as protectionists lent their aid to the tariff-smashing propaganda. The Governor of "a banner Republican State" in the Mississippi valley publicly denounced the Dingley tariff as an instrument of greed and extortion, and even went to the length of declaring that the tariff of 1897 had been productive of more graft and corruption than could be traced to life insurance management in a hundred years! Yet the man who uttered this monstrous libel against the time-honored and beneficent system of protection was twice re-elected Governor of that same "banner Republican State," and to-day holds a seat as the representative of that State in the Senate of the United States, and even aspires to the position of "favorite son" of his State for the Republican presidential nomination in 1912.

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Had taken leave of their senses.

The crusade against protection as embodied in the Dingley law gathered force in 1905, 1906, and 1907. It seemed as though a considerable proportion of the Republican party had taken leave of their senses. An important percentage of the newspapers of large circulation and influence, albeit professing loyalty to the Republican cause, assisted in the spread of economic aberration. In the three years prior to the assembling of the National Convention of 1908 fully 90 per cent of the leading Republican daily neswpapers were engaged in the strenuous advocacy of downward revision of the tariff. This will appear less singular when it is remembered that the newspapers of largest circulation were the largest consumers of print paper, and that their national organization, the American Publishers' Association, was on the warpath for a heavy reduction, if not the entire removal, of the tariff on print paper. Only a scanty few of the large Republican dailies antagonized this selfish demand for special legislation in the interest of a favored class. But perhaps the most potential reinforcement of the clamor for tariff revision emanated from the presidential office. In September, 1906, Mr. Roosevelt sent forth from his summer residence at Oyster Bay, through the mouth of Senator Hopkins of Illinois, the dictum that the tariff should be revised at a special session of Congress to be summoned closely following upon the inauguration of the President elected in November, 1908. Thus, nearly two years before the convention was held, and two years and a half before the inauguration of March 4, 1909, it was ordained that the Republican party should discredit its own tariff legislation and hold up the hands of its assailants by pledging itself to another revision of the tariff. The Roosevelt decree of 1906 was in curious contrast with his speech of April 4, 1903, at Minneapolis (reproduced in preceding pages), in which he laid down the very sound proposition that the tariff should not be changed unless and until "such change is demanded by the interests of the nation as a whole"; and that "if a tariff law has on the whole worked well, and if business has prospered under it and is prospering, it may be better to endure some inconveniences and inequalities for a time than by making changes to risk causing disturbances and perhaps paralysis in the industries and business of the country." In the three years and a half following this sensible and patriotic pronouncement against needless tariff tinkering nothing had occurred to call for changes in the tariff; such change was not "demanded by the interests of the nation as a whole"; the Dingley law had worked well, and business had prospered and was prospering. If there were some inequalities, they were not such as to call for a general tearing up of business conditions that rested upon the tariff for stability and security. Just how or why the tariff stability Roosevelt of 1903 was transformed into the tariff disturbing Roosevelt of 1906 and 1907—the latter being the year of the mischievous tariff trade agreement with Germany—the writer

Dingley law had worked well.

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of this history does not undertake to say. It is sufficient to record the fact that the evils and injuries of tariff agitation and the ground lost by the cause of protection in the past few years are in great measure due to the sympathetic attitude of Mr. Roosevelt toward the tariff disturbers and malcontents who were operating inside the Republican party. In consequence of this attitude the Republican convention of 1908 found itself placed in an embarrassing predicament. To refuse to declare for tariff revision meant a reflection upon and a partial repudiation of a Republican administration. It is, perhaps, too much to expect that the convention should have taken this position; but it is, nevertheless, to be regretted that as an alternative the party leaders should, against their honest belief and their better judgment, have been forced into declaring for a tariff revision that could well have been postponed for some years.

The Payne-Aldrich Law.

Tariff hearings for 1909.

For nearly two years before the tariff bill of 1909 was introduced, Mr. Payne, as chairman of the Ways and Means Committee, entered upon the preliminary work for a thorough investigation of the tariff. The starting point was the preparation by a corps of trained treasury experts of a mass of statistical information of the most useful and instructive character. A volume was prepared showing the imports into the United States and exports from the United States by articles, during the preceding fourteen years. The imports, rates of duty, quantity and value imported, and revenues collected under each schedule of the Dingley law were shown. Hence it could be determined upon what particular articles the duties were operating as prohibitive and securing to the domestic producer the entire home market, and upon what articles the duties were so low that foreign commodities were being imported in competition with our domestic products. At the same time schedules were prepared showing the quantity and value of specific articles exported from the United States. The Ways and Means Committee gave hearings to manufacturers, agriculturists, laborers, importers, jobbers, financiers, distributors and all interests which might possibly be affected by a tariff revision. The hearings were held in the city of Washington, beginning November 10, 1908, and continued until December 22 of that year. Thereafter briefs and statements were submitted until as late as March 9, 1909. All of our manufacturing industries as well as those of agriculture and mining, were investigated. The evidence taken at the formal hearings was published in seven volumes of 7,739 pages, and briefs and statements submitted after the formal hearings closed were published in an appendix (Volume 8), which brought the whole record up to 8,425 pages. The scope of the hearings embraced the following points:

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1. What particular rates of duty were higher than was necessary to afford adequate protection, and to ascertain the extent to which they were unnecessary, in order that a reduction might be made.

2. What particular existing duties were below the protective point, and the extent to which they should be increased in order to maintain the proper degree of protection.

The members of the committee had before them to aid in the work all of the necessary statistical information which had been compiled in advance by treasury experts at the request of the committee, and information was sought from every consular agent abroad and from special agents sent there for the purpose, and reports were compiled and statements made by domestic manufacturers to the Bureau of Statistics years before.

An exhaustive investigation.

Manufacturers representing all the various branches of industry were examined, and gave evidence on the cost of domestic production, the rates of wages, the growth and state of the industries, and many other important and pertinent phases of the subject. An inquiry also was made into the export prices of commodities and rates of wages abroad, so that the difference in the wage rates at home and abroad and the cost of production at home and abroad might be ascertained from the actual prices at which competing commodities were being purchased in foreign countries for importation into the United States. Importers were also examined, and the minority of Democratic members of the committee were afforded the same opportunity to call witnesses which was accorded to the majority. The investigation made by the Ways and Means Committee was the most accurate, exhaustive and instructive ever conducted under the direction of Congress.

At the conclusion of the hearings William Bourke Cockran, the senior member of the minority of the committee, addressing the committee, said:

> I want to say that nothing could be fairer than the manner in which this investigation has been conducted, and no inquiry could be fuller in its scope or more fruitful of results.

After the close of the formal hearings the preparation of schedules and paragraphs of the bill was begun, and Mr. Payne, in a speech before Congress, May 17, 1910, relating to the method adopted by him in preparing the bill and the standard established for fixing the rates of duty, said:

> I want to say further that it has been my constant aim, from the time I entered that committee until now, to fix the duties entirely in accordance with the principles as finally laid down in the platform of 1908; not to make them too high, not to make them beyond a reasonable protective tariff system, but, on the other hand, not

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to cut them so low that they would deprive American citizens of an opportunity to work at American wages and keep up the high standard of living for American workmen.

For more than two years one of the clerks had been making up a volume of the imports and duties, containing the imports and duties on every item in the tariff for a period of fourteen years. It was a valuable book, in the examination of the witnesses. It was a valuable book all the way through the consideration of the tariff, because it enabled us at a glance to see from actual workings out of the tariff, whether the duty had been prohibitory, with few or no importations, or whether the importations were abnormally large, reaching in some instances two-thirds of the consumption, the United States bringing in twice as many goods of that character from abroad as were produced here, or more. I can not go through it in detail, and tell the committee all that was done. But it was all done with open doors. These hearings were open to all the newspaper press of the country; and I regret to say that instead of sending experts to report them, they seemed to think that inexperienced men would answer the purpose, and hence jokes before the committee became more popular in the newspapers than the evidence bearing on the great task which confronted the committee.

Careful deliberation.

After all the evidence was in, the majority members of the committee retired by themselves to frame the tariff law. We took it up paragraph by paragraph, and after each paragraph was read, we took up the hearings. Generally the hearings of individuals before the committee were assigned to the different members of the Republican majority. We opened this book, and went through the evidence on that subject of each particular witness, and they were read in turn. Thus we refreshed the recollection of gentlemen there on the leading point the witness made before the committee, the statement made by him that had a material bearing on the question, and we referred to our imports and duties to see what importations had been made through a series of years bearing upon that question. Thus each question was settled for itself by a vote of the committee, fresh from having heard the hearings read, although they had all been present and heard them when delivered, and although many of the committee read ahead all the time by night to post themselves in reference to the facts in each case.

So that we had deliberated upon the subject up to about the 1st of March, and had completed our bill, and were ready for the extra session of Congress. We brought the bill in here and reported it about the 15th day of March. You remember the history of the bill through the Senate and the three weeks in the conference committee. You do not know of all the struggles in the conference committee. Some of them will never be known to the world. I promised the House when the bill went into conference that where the Senate increased the rate or changed it, I should insist on knowing why before I agreed to the conference report on that particular item.

What did we do when we found small importations? We were pretty well satisfied that the duty was too high, especially if they were items that were produced in this country, and it put us on inquiry. We examined the evidence in the case and went through all that was said in the hearings and all the evidence that had been filed with the committee, and if that confirmed it we cut down the duties, because the importation was small, and it showed that the tariff under the Dingley law practically prohibited importation of those things.

Well, since that day some importations have come in. When the gentleman gets his professor to make up another statement of that kind, after we have had the first year under this bill, he will find more has come in under this decreased rate of duties, and if that will satisfy his soul, he will find it that way.

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On the other hand, where we found there were large importations, we were likewise put upon inquiry.

So this proves nothing in regard to revision upward or downward. If there were small importations, we revised downward; if large importations, we revised upward.

PRESIDENT TAFT'S INAUGURAL ADDRESS.

On the 4th day of March, 1909, William H. Taft was inaugurated as President of the United States, and in his inaugural address he used this language:

A matter of most pressing importance is the revision of the tariff. In accordance with the promises of the platform upon which I was elected, I shall call Congress into extra session to meet on the 15th day of March, in order that consideration may be at once given to a bill revising the Dingley act.

Taft's plea for tariff reduction.

This should secure an adequate revenue and adjust the duties in such a manner as to afford to labor and to all industries in this country, whether of the farm, mine, or factory, protection by tariff equal to the difference between the cost of production abroad and the cost of production here, and have a provision which shall put into force upon executive determination of certain facts a higher or maximum tariff against those countries whose trade policy toward us equitably requires such discrimination.

It is thought that there has been such a change in conditions since the enactment of the Dingley act, drafted on a similarly protective principle, that the measure of the tariff above stated will permit the reduction of rates in certain schedules and will require the advancement of few, if any.

At the time this address was delivered President Taft, as events show, must have been fully informed of the plan which had been adopted by Mr. Payne in constructing the new bill which was then about completed for the revision of the tariff.

On March 6, 1909, two days after his inauguration, President Taft called in special session the Sixty-first Congress to convene March 15, for the sole purpose of revising the tariff. Joseph G. Cannon was elected Speaker of the House of Representatives, and appointed the following Ways and Means Committee:

Sereno E. Payne, chairman; John Dalzell, Samuel W. McCall, Ebenezer J. Hill, Henry S. Boutell, James C. Needham, William A. Calderhead, Joseph W. Fordney, Joseph H. Gaines, Nicholas Longworth, Edgar D. Crumpacker, Francis W. Cushman, Champ Clark, Oscar W. Underwood, James M. Griggs, Edward W. Pou, Choice B. Randell, Robert F. Broussard, Francis B. Harrison, William K. Payne, clerk.

On March 19 Mr. Payne reported from the Ways and Means Committee the new tariff bill. Substantially as it was reported to the House it was passed April 10 by the votes of 214 Republicans and 2 Democrats; 160 Democrats and 1 Republican voted against it. The Republican who opposed the measure gave as his reason for so doing that the duties were

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too low on many articles, and were not protective for that reason. Every so-called "Progressive" voted for the measure. The bill then went to the Senate, where it was considered for months.

It passed the Senate with many amendments made by the Finance Committee, of which Nelson W. Aldrich was chairman, on July 8 and was reported by the conference committee July 29. It passed the House on July 31 by a vote of 195 to 183 after a vote to recommit the bill to the conference committee had been defeated by the close vote of 191 to 186. On the adoption of the report, 20 Republicans voted against it, as follows:

How the vote stood.

Carey of Wisconsin, Davis of Minnesota, Gronna of North Dakota, Haughen of Iowa, Hubbard of Iowa, Keifer of Ohio, Kendall of Iowa, Lenroot of Wisconsin, Lindberg of Minnesota, Mann of Illinois, Miller of Minnesota, Murdock of Kansas, Nelson of Wisconsin, Nye of Minnesota, Poindexter of Washington, Southwick of New York, Steenerson of Minnesota, Stevens of Minnesota, Volstead of Minnesota and Woods of Iowa. Two Democrats voted for the bill—Broussard and Estopinol of Louisiana.

On August 5 the Senate adopted the conference report by a vote of 47 to 31. The bill received all of the Republican votes except Bristow of Kansas, Clapp of Minnesota, Cummins of Iowa, Dolliver of Iowa, La Follette of Wisconsin, Beveridge of Indiana and Nelson of Minnesota.

It was signed by the President on August 5, 1909, and took effect the same day.

Of a total of 7,024 items in the Dingley law, there were 654 decreases, 220 increases and 1,150 items left untouched, as shown by the following table:

Schedules	Items in Dingley law	Changes in Dingley law by Payne law			
		Decreases	Increases	Total changes	Unchanged
A. Chemicals, oils, etc.	232	81	22	103	129
B. Earths, earthen and glassware	170	46	12	58	112
C. Metals, and manufactures of	321	185	30	215	106
D. Wood, and manufactures of	35	18	3	21	14
E. Sugar, molasses, and manu. of	38	2	0	2	36
F. Tobacco, and manufactures of	8	0	0	0	8
G. Agri. products and provisions	187	14	19	33	154
H. Spirits, wines, etc.	33	4	23	27	6
I. Cotton manufacturers	261	28	47	75	186
J. Flax, hemp, jute, manu. of	254	187	4	191	63
K. Wool, and manufactures of	78	3	0	3	75
L. Silk and silk goods	78	21	31	52	26
M. Pulp, papers, and books	59	11	9	20	39
N. Sundries	270	54	20	74	196
Total	2,024	654	220	874	1,150

This law, considered from every point of view, revised the Dingley law downward. That such was the result which the committee, especially

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its chairman, intended to accomplish, clearly appears from the method adopted in fixing the new rates. The reduction in the dutiable list of articles from the duties of the Dingley law was 10 per cent, and the reductions of the duties in all the schedules, the equivalent ad valorem under the present law, is a reduction of 0.176 per cent as compared with the duties under the Dingley law. (Speech of Mr. Payne before Congress, June 17, 1911.)

As indicating the general character of the work, and in order to show that the reduction in duties will bear directly against American industries and labor, the authors of the measure have caused to be prepared a table showing the domestic productions of the industries which are likely to be affected by this downward revision.

Every schedule, excepting those covering wool and manufactures of wool and tobacco, was given attention. Branches of industry producing $4,951,878,575 of products were placed nearer to if not at the competing line with our foreign rivals, while increases were made in the duties of articles having a domestic product of $878,756,074, as shown by the following statement:

Schedule	Article	Consumption value	
		Duties decreased	Duties increased
A.	Chemicals, oils, and paints	$ 433,099,846	$ 11,105,820
B.	Earths, earthenware and glassware	128,423,732	.....
C.	Metals, and manufactures of	1,221,956,620	37,675,804
D.	Wood, and manufactures of	566,870,950	31,280,372
E.	Sugar, molasses, and manufactures of	300,965,953	.....
F.	Tobacco, and manu. of (no change of rates)	.....	.....
G.	Agricultural products and provisions	483,430,637	4,380,043
H.	Spirits, wines, and other beverages	.....	462,001,856
I.	Cotton manufactures	.....	41,622,024
J.	Flax, hemp, jute, and manufactures of	22,127,145	804,445
K.	Wool and manufactures of wool. (No production statistics available for articles affected by changes of rates.)		
L.	Silks and silk goods	7,947,568	106,742,646
M.	Pulp, papers, and books	67,628,055	81,486,466
N.	Sundries	1,719,428,069	101,656,598
	Total	$4,951,878,575	$878,756,074

Of the above increases the following are luxuries, being articles strictly of voluntary use:

Schedule A. Chemicals, including perfumeries, pomades, and like articles	$ 11,105,820
Schedule H. Wines and liquors	462,001,856
Schedule L. Silks	106,742,646
Total	$579,850,322

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This leaves a balance of increases which are not on articles of luxury of $298,905,752, as against decreases on about five billion dollars of consumption.

Increases and decreases in rates.

Further proof of the downward character of the revision is shown by the following list of reductions which were made in the duties on some of the most prominent articles taken from each schedule. (Speech of Mr. Payne, before Congress, May 12, 1910.):

Schedule A—Chemicals.

Boracic acid, 40 per cent. Chromic acid and lactic acid, 33 1-3 per cent. Salicylic acid, 50 per cent. Tannic acid, 30 per cent. Gallic acid, 20 per cent. Tartaric acid, 30 per cent. Alum, 50 per cent. Sulphate of ammonia, 100 per cent (free list). Argols of tartar, 30 per cent. to 75 per cent. Borax, 60 per cent. Cream of tartar, 16 per cent. Borate of lime, 50 per cent. Chloroform, 50 per cent. Collodion, 20 per cent. Collodion, if in sheets, 25 per cent. Copperas, 40 per cent. Sulphuric ethers, 80 per cent. Spirits of nitrous ether, 20 per cent. Fruit ethers and all other ethers, 50 per cent. Iodoform, 25 per cent. Licorice, 45 per cent. Cottonseed oil and croton oil, 100 per cent (free list). Flaxseed and linseed oil, 25 per cent. Peppermint oil, 50 per cent. Ochre and ochrey earths, etc., 33 1-3 per cent. Whitelead paint, 12½ per cent. All other mineral paints reduced. Vanillin, 75 per cent. Paris white putty, 50 per cent. Potash, chromate and chlorate, 20 per cent. and upwards. Santonin, 50 per cent. Carbonate of soda, 16 per cent. Nitrate of soda, 20 per cent. Sal soda, 20 per cent. Soda ash, 33 1-3 per cent. Arsenate of soda, 20 per cent. Silicate of soda, 25 per cent. Sulphate of soda, 20 per cent. Sponges and manufactures of, 25 per cent. Strychnia, 50 per cent. Sulphur, refined, 25 per cent.

Schedule B—Earthenware.

Fire brick, enameled, 22 per cent. Other brick, enameled, 22 per cent. Gypsum, crude, 40 per cent. Gypsum, calcined, 22 per cent. Filter tubes, 22 per cent.

Glassware.

Common window glass, small sizes, about 10 per cent. Onyx, 55 per cent. Marble, from 10 per cent. to 33 1-3 per cent. Mosaic cubes, 60 per cent. Granite, freestone, etc., 17 per cent.

Schedule C—Metals.

Reductions in the metal schedule.

Iron ore, 62½ per cent. Pig iron, 37½ per cent. Scrap iron and steel, 75 per cent. Bar iron, 50 per cent. Round iron, less than seven-sixteenths of 1 inch in diameter, 50 per cent. Slabs, blooms and loops, 25 per cent. Charcoal iron, 33 1-3 per cent. Structural iron and steel, not fabricated, from 20 per cent. to 40 per cent. Anchors, 33 1-3 per cent. Iron and steel forgings, 15 per cent. Hoop, band, or scroll iron, from 25 per cent to 40 per cent. Cotton ties, 40 per cent. Steel rails, 50 per cent. Railway fish plates, 25 per cent. Iron and steel sheets, from 25 per cent. to 30 per cent., according to size. Steel sheets, polished, etc., 25 per cent. Rolled sheets, 10 per cent. Tin plates, 20 per cent. Steel ingots, blooms, slabs, etc., according to value, reduced 25 per cent. Steel wire, according to size, from 20 per cent to 10 per cent. (The above when cold-drawn or cold-hammered or pol-

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ished, the additional rates are reduced 50 per cent). Anvils, 13 1-3 per cent. Axles, 25 per cent. Bolts, etc., 25 per cent. Cast-iron pipe, 37½ per cent. Cast hollow ware, coated, glazed, or tinned, 25 per cent. Chains, 20 per cent. Steel boiler tubes, 50 per cent. Steel welded cylindrical furnaces, 20 per cent. All other steel tubes, 15 per cent. Barbed wire for fences, 37 per cent. Table knives, etc., from 10 to 25 per cent. Cut nails, 33 1-3 per cent. Horseshoe nails, 33 1-3 per cent. Wire nails, 20 per cent. Spikes, nuts, washers, horseshoes, etc., 25 per cent. Cut tacks, 50 per cent. Steel plates, engraved, 20 per cent. Rivets, 37½ per cent. Steel band saws, 50 per cent. All other saws, 16 1-3 per cent. Screws, from 5 to 25 per cent. Wheels for railway purposes, 15 per cent.; ingots for same, 20 per cent. Hooks and eyes, 15 per cent. Thorite, 33 1-3 per cent. Cash registers, jute manufacturing machinery, linotypes and all typesetting machines, machine tools, printing presses, sewing machines, typewriters, and steam engines, 33 1-3 per cent. Embroidery and certain lace-making machines, and machines used for the manufacture of linen cloth, free of duty until January 1, 1911. Farm implements, 25 per cent.

SCHEDULE D—LUMBER.

Sawed boards, etc., whitewood, sycamore, and basswood, 50 per cent. All other, 37½ per cent. Dressed lumber, 30 per cent. Paving posts, railroad ties, etc., 50 per cent. Clapboards, 16 2-3 per cent. Kindling woods, 100 per cent (free list). Laths, 20 per cent. Fence posts, 100 per cent (free list).

SCHEDULE G—AGRICULTURE.

Principle governing the revision.

Cabbages, 33 1-3 per cent. Bacon and hams, 20 per cent. Fresh meat, 25 per cent. Lard, 25 per cent. Tallow, 33⅓ per cent. Wool grease, 50 per cent. Dextrin, burnt starch, etc., 25 per cent. Green peas, 37½ per cent. All starch, except potato, 33 1-3 per cent. Sugar beets, 60 per cent. Salt, average, 10 per cent.

SCHEDULE J—FLAX, HEMP, AND JUTE.

Single yarns, not finer than 8 lea, 15 per cent. Flax gill nettings, 20 per cent. Carpets, mats, etc., about 20 per cent. Hydraulic hose, 25 per cent.

SCHEDULE M—PAPER AND PULP.

Mechanically ground wood pulp, 100 per cent (free list). Print paper, valued not above 2¼ cents per pound, 37½ per cent; valued above 2¼ and not above 2½, 53 per cent.

SCHEDULE N—SUNDRIES.

Bituminous coal, 33 per cent. Gunpowder, valued not over 20 cents per pound, 50 per cent; valued over 20 cents, 33 1-3 per cent. Matches, 25 per cent. Hides of cattle, 100 per cent (free list). Dressed leather from hides of cattle, 25 per cent. Calfskins and other leather 25 per cent. Patent leather, about 15 per cent. Boots and shoes made from leather of hides of cattle, 60 per cent; from other leather, 40 per cent. Harness and saddlery, 55 per cent. Shoe laces, 25 per cent. Certain works of art, including paintings and statuary, 100 per cent (free list). Petroleum and products thereof, 100 per cent, to the free list.

According to the last paragraph of Mr. Payne's statement, reductions were made in all cases where the importations were small. He says:

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If the importations were small we revised downward, and if large, duties were revised upward.

So it appears that the revision was not confined to repealing unnecessary duties, but reductions were made in those cases where the importations, although small, showed that the Dingley rate was not prohibitive but competitive. Hence, the effect of this revision must be to increase competing imports, and it must be left to the future to determine the extent to which such competition will injure our domestic industries. In his speech, above quoted, of June 17, 1911, Mr. Payne declared:

Why, we cut some duties down so low that we made the industry bleed. They are getting in more iron ore than my friend wishes we were getting, and more pig iron and more scrap iron, and the end is not yet reached.

Made the industry bleed.

The duties were reduced on many important articles to a point of danger as shown by the following:

Iron ore, from 40 to 15 per cent; pig iron, from $4 to $2.50 per ton; scrap iron and steel, from $4 to $1 per ton; bar iron, from six-tenths to three-tenths of a cent per pound; steel rails, from $7.84 to $3.29 per ton.

There are more than a hundred reductions in the metal schedule. As Mr. McCall said:

In fact, the reductions in this schedule are so general, and in some cases so drastic, that it may be said, practically, that these duties have been cut in two.

The lumber schedule was cut nearly 40 per cent. One grade of sawed boards is reduced from $1 to 50 cents per thousand feet, and all other sawed lumber from $2 to $1.25 per thousand feet, leaving the duty only from 3 to 6 per cent.

Bituminous coal is reduced from 67 to 47 cents per ton. The duties on agricultural implements were greatly reduced, and the act provides that they shall be admitted duty free from any country which imposes no duty on agricultural machinery. Hides were put on the free list, and the duties on all leather products reduced almost to a free trade basis. Sole leather was reduced from 20 to 5 per cent ad valorem; upper leather, from 20 to 7 1-2 per cent; boots and shoes made from hides of cattle, from 25 to 10 per cent, and all others from 25 to 15 per cent. This reduction was made in the face of the fact that factories had been built in Germany and Great Britain equipped with American shoe machinery, and American experts had been sent abroad to educate foreign labor in American methods of manufacture. It was also announced that similar factories were to be built in France, Russia and Japan.

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The danger of bringing this important industry so near the free trade line was recognized by the Hon. Samuel W. McCall, a downward revisionist, who said:

> If protection in any great line of duties has been cut to the quick, it has been in that relating to boots and shoes.

In response to the demands of the publishers of newspapers, print paper valued at not above 2 1-4 cents per pound was reduced from $6 to $3.75 per ton; valued above 2 1-4 cents a pound, and not above 2 1-2 cents per pound, from $8 to $3.75 per ton. This rate was understood to be a settlement of the controversy, as Mr. Mann's committee, after an investigation of the subject for ten months, had reported that $3.75 per ton would be satisfactory to the manufacturers and publishers. It, however, was below the difference in the cost of production here and in Canada.

Cut to the quick.

Increase in Duties.

As has been shown, there were 220 instances in which duties were increased. In a very few cases the duties were increased for the purpose of securing protection to our industries, but principally to increase the revenues. The investigation showed that two-thirds of the stockings worn by American women and children were being made in Germany. We had the factories, but they were idle. We had the skilled labor, but 30,000 American girls and women who depended on this industry for a livelihood were idle. The imports of stockings valued from $1 per dozen pairs to not more than $3 per dozen pairs, in 1898, was 32,681,424, valued at $3,090,239, and 60,799,581 in 1907, valued at $6,862,411. The duty under which our domestic industry was being ruined was 1 2-3 cents per pair. It was increased by the Payne bill to 2 1-2 cents per pair, and the American factories started up and the women and girls were set to work at American wages. Says Mr. Payne:

> The result was that the retail prices went down, and where two pairs of stockings had been sold at 50 cents they sold three pairs, and where they sold for 25 cents they sold six pairs for a dollar.

This effort on the part of the committee to protect an important American industry met with decided opposition. The usual methods of misrepresentation and falsehood to prejudice the people were resorted to. Articles were published in the newspapers asserting that the price of women's stockings would be increased 25 cents per pair to the consumers, although the increase in duty was only from 1 2-3 cents per pair to 2 1-2 cents per pair. This incident furnishes such a good illustration of the

Selfishness of importers.

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subject that the following extract from Mr. Payne's speech before Congress, April 6, 1909, is given:

Marshall Field & Co., Chicago; Brown, Durell & Co., Boston and New York; Henry Schiff & Co., New York; Wessendonck, Lorenz & Co., New York; Lord & Taylor, New York; Arnold, Constable & Co., New York; Rubens & Meyer, New York; Carson, Pirie, Scott & Co., Chicago; F. Vietor & Achelis, New York, and a number of other American concerns maintain large establishments in the city of Chemnitz, Germany, with a full force of help organized to buy and obtain foreign hosiery at the least possible cost. Many of these concerns not only advance money to small manufacturers to purchase yarns to make goods according to their specifications and account, but in many instances supply them with yarn. They receive from these concerns the unfinished product, sending it to public finishers in the city of Chemnitz to dye, finish, and put in marketable condition for their account, shipping the goods to this country through their establishments in Chemnitz. In addition to this they also buy certain better lines of goods from the prominent manufacturers in Chemnitz, being unable to obtain their entire needs in the manner described above. By the employment of a large organization and maintaining much capital and credit in Germany they are thus able to obtain foreign hosiery at prices considerably lower than it is possible for a concern of less magnitude and capital to obtain them at. Thus they have clearly an advantage over their smaller competitors, are able to sell hosiery at a handsome profit and yet undersell the smaller man who has not these facilities of doing business.

With tears in their voices.

These people are always opposed to the purchasing of American-made goods that in any way compete with the foreign article, always giving preference to the poorer made foreign article than the expert made American article at a competitive price, believing that in their organization abroad and the handling of foreign merchandise they have advantages over the average American concern, whereas in American merchandise all buyers, be they large or small, practically stand upon the same basis. Another great advantage is in their ability to borrow money cheaply abroad, thus enabling them to have larger credits in Europe than in this country, resulting in a much larger business than would be possible if they were dependent entirely upon their American credits. Foreign bankers are always disposed to give enormous credits to concerns engaged in buying merchandise in Germany for exportation, it being the policy of the German government to force the exportation of merchandise. When the money or yarns are advanced to the small man he only supplies the labor necessary for knitting the article. The American purchaser takes the entire product of the frames for stated intervals. The concerns maintaining organizations in Chemnitz to purchase supplies of foreign hosiery advantageously control about 75 per cent of the entire exportation of hosiery to this country.

Mr. Payne further said:

The representatives of Marshall Field & Co. came to me with tears in their voices, protesting against the raise of this duty. We asked them "How much profit do you get?" They said: "Oh, we don't want to give up secrets of our business." "Do you make 50 per cent?" Again they did not want to give up the secrets of their business. Well, I told them that I knew that they made 50 per cent, and in some cases 100 per cent.

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The following protest filed with the Committee on Ways and Means shows who the special selfish interests really were:

CHICAGO, ILL., January 1, 1909.

TO THE COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

SIRS: We, the undersigned, desire to refer to the recommendation made to your committee by the American Travelers' League to increase the amount of merchandise permitted to free entry by travelers from $100 to $500, and as importers of the city of Chicago we desire to enter an emphatic protest against any extension of the free-entry privilege whatsoever.

It is safe to say that practically all of the vast number of American travelers abroad exercise the privilege granted under the present laws of bringing in $100 of merchandise free of duty, and to increase the amount would bring in a flood of merchandise which is directly competitive with that of every merchant in the United States and would open up the door to gross fraud.

We therefore urge your committee when reporting the tariff bill to Congress to make no extension of the privileges of free entry granted to travelers under paragraph 697 of the present act.

Importers who wanted protection.

MARSHALL FIELD & CO.
CARSON, SCOTT & CO.
JOHN V. FARWELL COMPANY.
By JOHN V. FARWELL, Treas.
MANDEL BROTHERS.
WILSON BROTHERS.
A. C. MCCLURG & CO.,
By F. B. SMITH, Chm.
CHAS. A. STEVENS & BROS.
CHICAGO MERCANTILE CO.,
By CHAS. E. HYMAN, Treas.

An increase of this limit would embarrass their importing trade.

The importers, who since the formation of our government have been condemning the restrictions of imports are simply human beings, and are as ready to appeal to Congress for protection, whenever they can gain by it, as others.

The second important instance in which duties were increased solely to secure additional protection related to cotton fabrics. By a construction placed on a paragraph of the Dingley law by the courts, certain high-priced fabrics became dutiable at a lower rate than was intended by those who drafted that law. This was remedied by a Senate amendment which was accepted by the conference committee. The other increases in protective duties were of less importance. The duties on luxuries, such as champagne and other wines, brandy, ale, beer, tobacco, silks, high-priced laces and various other articles, were increased for revenue purposes.

Successful as a revenue producer.

The law as a revenue producer was a complete success. Importations have greatly increased, and from a deficit the treasury passed to a surplus on June 1, 1911, of $41,000,000.

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A Dual Tariff System.

The Payne-Aldrich law introduced into the tariff policy of the United States for the first time in its history the system of maximum and minimum, or double, rates of duties. (For a more particular account of this system and of the tariff systems of foreign countries (see Vol. 1, p. 638).

By Section 1 of the act the minimum rates of duties were established as the general rates. The act provided that "the provisions of the dutiable list and the free list of this section (Section 1) shall constitute the minimum tariff of the United States."

Section 2. imposing maximum rates, provided as follows:

That from and after the thirty-first day of March, nineteen hundred and ten, except as otherwise specifically provided for in this section, there shall be levied, collected and paid on all articles when imported from any foreign country into the United States, or into any of its possessions (except the Philippine Islands and the islands of Guam and Tutuila), the rates of duty prescribed by the schedules and paragraphs of the dutiable list of Section 1 of this act, and in addition thereto 25 per centum ad valorem; which rates shall constitute the maximum tariff of the United States: provided, That whenever, after the thirty-first day of March, nineteen hundred and ten, and so long thereafter as the President shall be satisfied, in view of the character of the concessions granted by the minimum tariff of the United States, that the government of any foreign country imposes no terms or restrictions, either in the way of tariff rates or provisions, trade or other regulations, charges, exactions, or in any other manner, directly or indirectly, upon the importation into or the sale in such foreign country of any agricultural, manufactured or other product of the United States, which unduly discriminate against the United States or the products thereof, and that such foreign country pays no export bounty or imposes no export duty or prohibition upon the exportation of any article to the United States which unduly discriminates against the United States or the products thereof, and that such foreign country accords to the agricultural, manufactured, or other products of the United States treatment which is reciprocal and equivalent, thereupon and thereafter, upon proclamation to this effect by the President of the United States, all articles when imported into the United States, or any of its possessions (except the Philippine Islands and the islands of Guam and Tutuila), from such foreign country shall, except as otherwise herein provided, be admitted under the terms of the minimum tariff of the United States as prescribed by section one of this act. The proclamation issued by the President under the authority hereby conferred and the application of the minimum tariff thereupon may, in accordance with the facts as found by the President, extend to the whole of any foreign country, or may be confined to or exclude from its effect any dependency, colony, or other political subdivision having authority to adopt and enforce tariff legislation, or to impose restrictions or regulations, or to grant concessions upon the exportation or importation of articles which are, or may be imported into the United States. Whenever the President shall be satisfied that the conditions which led to the issuance of the proclamation hereinbefore authorized no longer exist, he shall issue a proclamation to this effect, and ninety days thereafter the provisions of the maximum tariff shall be applied to the importation of articles from such country. Whenever the provisions of the maximum tariff of the United States shall be

Maximum and minimum provisions.

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applicable to articles imported from any foreign country they shall be applicable to the products of such country, whether imported directly from the country of production or otherwise. To secure information to assist the President in the discharge of the duties imposed upon him by this section, and the officers of the government in the administration of the customs laws, the President is hereby authorized to employ such persons as may be required.

Section 3 provided that Section 2 shall not be so construed as to abridge or in any manner impair the provisions of the treaty of commercial reciprocity concluded between the United States and the Republic of Cuba on the 11th day of December, 1903.

It should be further noted that the Tariff Board, which will be mentioned later, had its inception in the concluding paragraph of Section 2, which provided that "to secure information to assist the President in the discharge of the duties imposed on him by this section, and the officers of the government in the administration of the customs laws the President is authorized to employ such persons as may be required."

It is clear that Congress set out to so construct the new law that the decreases in duties would exceed the increases, thus following precisely the views of the President, expressed in his inaugural address, that

> It is thought that there has been such a change in conditions since the enactment of the Dingley act, drafted on a similarly protective principle, that the measure of tariff above stated will permit the reduction of rates in certain schedules and require the advancement in a few.

The "thought" or belief of the President, so expressed, was quite prevalent at that time, although it was without a substantial basis. The free trade press had stated and restated this thought until it had come to be recognized as a fact.

The Downward Revision of 1909.

An administrative measure.

The Payne-Aldrich law was an administration measure. The revision of the tariff was entered upon and carried through according to ideas of President Taft, although the reductions in duties were not carried to the extent which he desired. He had interpreted the Republican platform upon which he was elected as pledging the party to a downward revision, with the duties made to equal the difference in the cost of production at home and abroad. That feature of the act, however, which carefully avoided raising duties on those manufactures which were being imported in great quantities, in order that new industries might be established or old ones extended in America, for their production, saved it from the President's veto. It was as much a part of his plan that the protective policy should not be extended as it was that existing duties be reduced.

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The great majority of the Republican members of Congress, under the leadership of Speaker Cannon in the House and Mr. Aldrich in the Senate, interpreted the Republican platform to mean that a revision of the tariff comprehended the elimination of *unnecessary* duties, the equalization of others to meet the changed conditions, and the increase of duties in those cases where importations were large, so that new industries might be established and more employment secured for American workmen. The standard of measuring and fixing the rates of duties in order to secure adequate protection was given by them that broad, liberal interpretation which it had always received by such protectionists as McKinley, Reed and Dingley. There was still another element in the Republican party to be reckoned with. The so-called Insurgent Republicans, Senators La Follette of Wisconsin, Dolliver and Cummins of Iowa, Bristow of Kansas, Beveridge of Indiana and Nelson and Clapp of Minnesota, and a varying number of Representatives in the House, forming a body of able and aggressive downward revisionists, favored a much lower reduction of duties than the Payne-Aldrich bill called for, and carried their opposition to an extent which surrounded its passage with great uncertainty. While the act was not all that sound protectionists desired, it was accepted by them as the best which could be obtained in the existing state of public opinion. Much was yielded in the hope that the bill as passed would be accepted as a settlement of the controversy, at least so far as the Republicans were concerned. This undoubtedly was the desire of President Taft, for he declared it to be the best tariff law ever passed, although he expressed dissatisfaction over the failure to revise the woolen schedule, which he declared was "indefensible."

"Best tariff law ever passed."

The Payne-Aldrich law in many respects is very much like the act of 1883, and was prepared and enacted in a state of public opinion very similar to that prevailing when the revision was made after the report of the tariff commission of 1882. While it did not overthrow the substantial principles of the protective policy, it was a yielding to a political influence and to a popular sentiment existing in certain parts of the country which were demanding a downward revision; a yielding to opposing forces and influences with the hope that it would have a quieting effect and prevent further agitation and clamor for a reduction of the tariff. In this respect the measure has been as disappointing as was the act of 1883. Instead of peace and tranquillity following, the enemies of American industries have been incited to greater activity, and the whole question has again been reopened, and the American people find themselves in the midst at this time of a tariff controversy with the end and outcome so involved in uncertainty that the business of the country has already been seriously affected. The measure was enacted in response to a sentiment which discredited the protective system. Such yielding, without fail, gives encouragement to

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Has been disappointing.

and incites the activity of the opposition. An experience of seven years under the act of 1883 demonstrated that a great mistake had been made in making concessions for the sake of peace. Imports of competing commodities greatly increased. The extension of our system of manufacturing to the establishment of new industries was checked. Through the relative decline of industries and the abnormal growth of agriculture, the equilibrium between the rural and urban population of the country was destroyed, and the agriculturists soon found themselves in a glutted market, suffering from overproduction. These conditions, as a necessary result of the policy adopted by Congress in the revision of 1883, finally awakened the whole country to the necessity of taking a decided advance step in the increase of duties for the protection and establishment of new industries. This purpose was embodied in the McKinley law, and renewed in the Dingley law, and had now been prosecuted for a period of twelve years, with the most satisfactory results to the American people. When Congress undertook the revision of the tariff in March, 1909, the imports of dutiable articles into the United States were $700,000,000, foreign valuation, which, with the freight, commissions and charges for placing them on the American market, together with the duties added, raised their valuation to more than $1,000,000,000. It may be safely estimated that more than one-half in valuation of such importations under adequate protection might be made in American factories by American labor.

McKinley and Dingley laws produced satisfactory results.

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CHAPTER VII.

Industrial Progress of the United States from 1897 to 1910.

Not only is our home market equal to the international commerce of the entire world, but it is growing far more rapidly than international commerce. The internal commerce of the United States has grown from 7 billions in 1870 to 28 billions in 1908, while the international commerce has grown from 11 billions in 1870 to 28 billions in 1908; in other words, while the international commerce of the world is now two and one-half times as great as in 1870, the internal commerce of the United States is now four times as great as in that year and equals the entire commerce between all nations. . . .

Think of it, men of Rochester; you producers and manufacturers and merchants and traders and bankers and transporters, think of it! The market of our our own country, the home market, in which you can transport your goods from the door of the factory to the door of the consumer, without breaking bulk a single time, is equal to the entire international commerce of the world. . . .

But the most gratifying feature of this picture of banking and financial conditions in our country is the fact that deposits in savings banks—those institutions for the safe-keeping of the earning of workingmen and widows and orphans and children of the country—have increased from $550,000,000 in 1870 to $3,500,000,000 in 1908. What say you business men of the future of a country whose workingmen and working women and children have three and a half billion dollars laid aside for a "rainy day."—O. P. Austin, Chief of Bureau of Statistics, in speech at Rochester.

The way to help labor is to provide it with steady work and good wages and then to have those good wages always paid in good money.—Major McKinley, to delegation of workingmen, August 24, 1896.

The large scale of production enables the manufacturer to thrive with but a slight profit on a single article.—John L. Hayes.

When, under protection, American industries shall employ bread eaters sufficient to nearly consume American cereals, then the farmer will no longer sell his grain at cost of production or less. He will escape the competition of the riot and the serf. His industry will be profitable; his calling honorable and truly independent—Senator Carey.

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A man cannot live unless he consumes; he cannot consume unless he exchanges; he cannot exchange unless he produces; he cannot produce unless he has a chance to work; he can have no chance to work without a market; and his market fails as supply exceeds demand.—ROSWELL A. BENEDICT.

THE PROTECTIVE SYSTEM VINDICATED.

Unparalleled growth.

The period of nearly fifteen years extending from June, 1897, to the present writing, January, 1912, as every statesman, financier and well-informed person knows, taken as a whole was one of great expansion, growth and prosperity. We search history in vain for a parallel. Beginning with the most calamitous state of internal industry experienced by the people since 1857, the nation passed at once, under the influence of the Dingley law, to a condition of industrial growth, business expansion and employment of labor such as was never before enjoyed by any people in the history of the world. This prodigious growth has taken place under normal, sound and durable economic conditions. It has not been brought about by the appearance of new inventions and discoveries in the industrial arts such as at once send a nation forward upon a new career of expansion. Neither have foreign wars occurred to create an abnormal demand for exports. It has been, with the exception of our war with Spain and that between Russia and Japan, a period of peace throughout the world. The two wars mentioned, however, operated to abridge rather than to promote trade. This extraordinary and unparalleled condition has sprung from the industry and ability of our people applied to the development of our own vast resources, the cultivation of the industrial arts, the intelligent use of our accumulated capital and the application of those natural forces and powers which are within the grasp of our people. While the growth of our foreign trade has been large and satisfactory, our internal trade and transportation, our agriculture and manufactures, have increased in an unparalleled ratio. The farmer has been elevated to a state of independence and affluence through the vast and incomparable home market created by the growth of our urban population and its full employment at remunerative wages. Every section of our common country and every branch of industry, trade and commerce has participated equally with every other and enjoyed its full share of the benefits of this prodigious growth.

Causes.

In the following table will be found a summary showing the industrial, commercial and financial growth of the United States from the year 1900 to 1910, compiled from the census and other official statistics of the years mentioned. No other nation can furnish the material from which a statement showing similar results could be made.

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TABLE No 11.

GROWTH OF THE UNITED STATES FROM 1900 TO 1910.

Items.	1900.	1905.	1910.
Population	76,303,387	83,143,000	92,174,515
Population, square mile	25.14	27.38	29.60
Wealth	$ 88,517,306,775	$ 107,000,000,000	$a125,000,000,000
Wealth, per capita	1,164.79		1,428
Debt, less cash in treasury	1,107,711,258	989,866,772	1,046,559,185
Debt, per capita	14.52	11.91	11.64
Interest bearing debt	1,023,478,860	895,158,340	913,317,490
Annual interest charge	33,545,130	24,176,781	21,275,692
Interest, per capita	0.44	0.29	0.24
Gold coined	99,272,943	49,638,441	88,776,908
Silver coined	36,345,321	6,332,181	8,087,853
Gold in circulation	610,806,472	651,063,589	592,547,340
Silver in circulation	142,050,334	175,022,043	217,229,937
Gold certs. in circulation	200,733,019	485,210,749	806,286,359
Silver certs. in circulation	408,465,574	454,864,708	478,999,024
U. S. Notes in circulation	313,971,545	332,420,697	336,185,081
Nat. Bk. Notes in circulation	300,115,112	480,028,849	684,841,975
Miscellaneous currency	79,008,942	9,272,018	3,663,530
Circulation of money	2,055,150,998	2,587,882,653	3,119,753,246
Per capita	26.94	31.08	34.52
National banks, No.	3,732	5,668	7,145
Capital	621,536,461	791,567,231	989,567,114
Bank clearings, New York	51,964,588,564	91,879,318,369	102,553,959,069
Total, United States	84,582,450,081	140,592,087,616	169,025,172,600
Deposits in national banks	2,458,092,758	3,783,658,494	5,287,216,312
Savings banks	2,389,719,954	3,093,077,357	4,070,486,247
Depositors, savings banks, No.	6,107,083	7,696,229	9,142,708
Farm lands	13,058,008,000		28,386,770,000
Farm buildings	3,556,640,000		6,294,737,000
Farm products, value	5,017,000,000	6,309,000,000	8,926,000,000
Farm animals—value	2,228,123,134	3,006,580,737	5,138,486,000
Mfg. establishments, No.	512,254	216,262	268,491
Value of products	$11,406,927,000	$14,793,903,000	20,672,052,000
Receipts—ordinary	567,240,852	544,606,759	669,064,780
Customs	233,164,871	261,798,857	332,785,323
Internal revenue	295,327,927	234,095,741	285,185,830
Disbursements—ordinary	487,713,792	563,360,094	659,662,348
War	134,774,768	122,175,074	157,004,608
Navy	55,953,078	117,550,308	123,114,547
Pensions	140,877,316	141,773,965	160,733,839
Interest on public debt	40,160,333	24,590,944	21,342,984
Imports of merchandise	849,941,184	1,117,513,071	1,556,947,430
Per capita	10.88	13.08	17.21
Exports of merchandise	1,394,483,082	1,518,561,666	1,744,984,720
Per capita	17.96	17.94	19.02
Imports—silk raw, lbs.	13,073,718	22,357,307	20,363,327
Rubber, crude, lbs.	49,377,138	67,234,256	101,044,681
Tin plates, lbs.	147,963,804	161,066,820	154,566,599
Iron, steel, mfrs. of	20,478,728	23,510,164	38,502,457
Domestic exports: all mfrs.	484,846,275	611,425,574	766,981,245
Iron and steel mfrs.	121,913,548	134,728,363	179,133,186
Production of gold	79,171,000	88,180,700	96,055,214
Silver—commercial value	35,745,100	34,221,000	30,476,000
Coal, tons	240,789,310	350,645,210	447,853,909
Petroleum, gallons	2,672,062,218	5,658,138,360	7,649,639,508

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Items.	1900.	1905.	1910.
Pig iron, tons	13,789,242	22,992,380	27,303,567
Steel, tons	10,188,329	20,023,947	26,512,437
Tin plates, lbs	849,004,022	1,105,440,000	1,619,005,000
Copper, tons	270,588	402,637	487,925
Wool, lbs	288,636,621	295,488,438	321,362,750
Wheat, bushels	522,229,505	692,979,489	695,443,000
Corn, bushels	2,105,102,516	2,707,993,540	3,125,713,000
Cotton—running bales	10,245,602	10,725,602	11,965,962
Cane sugar, lbs	322,549,011	784,000,000	750,400,000
Sugar consumed, lbs	4,447,175,236	6,025,772,362	7,360,175,715
Cotton consumed, 500 lb. bales	3,856,000	4,310,000	4,533,000
Domestic cotton exported, lbs.	3,100,583,188	4,304,848,903	3,206,708,226
Railways in operation, miles.	198,964	225,196	[b] 244,084
Passengers carried, No.	576,831,251	738,834,667	[b] 891,472,725
Freight carried 1 mile per mile of line, tons	141,596,551,161	186,463,109,510	[b] 218,802,986,929
Rev. per ton per mile, cents	72.9	76.6	[b] 76.03
Passenger cars, No.	34,713	40,713	[b] 45,584
Other cars, No.	1,416,125	1,802,158	[b] 2,172,698
American vessels; built, tons	393,790	330,316	342,068
Trading domestic, etc., tons	4,338,145	5,502,030	6,716,257
Trading, foreign, tons	826,694	954,513	791,825
On Great Lakes, tons	1,565,587	2,062,147	2,895,102
Vessels passing through Saint Ste. Marie Canal, tons	22,315,834	36,617,699	49,856,123
Commercial failures, No.	10,774	11,520	12,652
Amount of liabilities	138,495,673	102,676,172	201,757,097
Postoffices, No.	76,688	68,131	59,580
Receipts, P. O. Dept.	102,354,579	152,826,585	224,128,637
Telegrams sent, No.	79,696,227	91,403,282	75,135,405
Newspapers, etc., No.	20,806	23,146	22,725
Public schools, salaries	137,687,746	177,462,981	[b] 401,397,747
Patents issued, No.	26,499	30,399	35,930
Immigrants arrived, No.	448,572	1,026,499	1,041,570

[a] Latest estimate (World's Almanac for 1912). [b] 1909.

Population.

During the ten years from 1900 to 1910 our population increased by 15,668,879, lacking less than 2,000,000 of one-half of the entire population of the United States in 1860 and 4,000,000 more than the entire population of the Southern Confederacy at that time. This tremendous addition to the population of the country within so short a time would have created a condition of stagnation and demoralization and ruined our entire industrial fabric had it not been that there were waiting and ready for them opportunities for employment and subsistence. The country was ready for them, their services were required, and they immediately became useful factors in the progressive development of the country. Many of our people manifest a great anxiety for finding markets abroad, little realizing that the 15,000,000 of people added to our population were equal to 60,000,000 of the inhabitants of foreign countries as consumers of our domestic productions, while at the same time by their industry and ability they were adding to the wealth, prosperity and progress of the country. In 1900 our wealth was $88,517,000,000, and in 1910 was estimated at $125,000,000,000, an increase of

Wealth

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$36,483,000,000, or 41 per cent, while in population we increased 20 per cent. The latest estimate, as published in the World Almanac of 1912, is $130,000,000,000.

A country's bank clearings are an unerring index of the tenor and tone of the people's life. They indicate not only the degree of hopefulness and confidence in prevailing business and industry, but they also indicate the extent to which its people are drawing upon the country's natural resources, and are therefore prosperous or the reverse. A year-by-year increasing volume of bank clearances denotes a constant advance of a people in the direction of wider distribution of wealth, and therefore universal prosperity. This may readily be proven by a comparison of the Gorman-Wilson period of 1893-1896 with what might be called the first Dingley period. The bank clearances during the four years of Cleveland's administration, to wit, 1893, 1894, 1895 and 1896, averaged $51,704,990,495. During the first four years of the operation of the Dingley law, beginning with the bank clearances of $54,179,545,000 in 1897, they reached $84,582,450,081 in 1900, or an average of $73,378,872,103 per year, or an annual average of $21,673,000,000 greater during the first years of the Dingley law than during the four years of the Gorman-Wilson law. This was an advance of 42 per cent, which shows an immediate and enormous stride forward into prosperity the instant the country was relieved from the unwise tariff policy adopted by Mr. Cleveland's party.

Banking 1897.

It is not of so much importance that the nation took on an entirely new life and suddenly returned to prosperous business conditions immediately upon the restoration of the protective policy, as it is that the conditions so brought about were all of a permanant and enduring nature. The expansion of business as indicated by the bank clearances of $51,934,000,000 in 1896 and of $84,582,000,000 in 1900, did not relax, but grew year by year until it reached the unparalleled magnitude of $140,592,000,000 in 1905 and $169,025,000,000 in 1910, an increase of 99 per cent in ten years. When our bank clearances had reached $50,000,000,000 in 1890 it arrested the attention of the entire business world and was mentioned by the great financial journals of Europe as a most extraordinary achievement. But this sum dwindles into insignificance when compared to the $169,000,000,000 of 1910.

Bank clearances 1910.

The savings bank deposits increased from $2,389,719,954 in 1900 to $4,070,489,247 in 1910. The American workingmen not only earn more and spend more, but save more of their earnings than any other laborers of the world.

Savings banks.

The increased production of the precious metals, while in no way due to the tariff, has been an important factor in giving strength and vitality to our industrial growth. The value of gold mined in 1895 was

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Stock of gold.

$46,610,000 and in 1909, $99,055,214, and of silver $36,445,500 in 1905 and $28,455,200 in 1909. The fact is that during this period we had a favorable balance of trade which tended to prevent the outflow of the precious metals, so that in 1910 we had $592,547,340 of gold in circulation and gold certificates out amounting to $806,286,359.

On January 1, 1909, the stock of gold on hand in the United States was $1,612,700,000, surpassing that of any other country. Germany stood next with a stock of $1,044,400,000, France third with $926,400,000, Russia fourth, with $917,300,000, and Great Britain stood fifth on the list with $564,500,000.

The increase in the products of manufacturing industries in the United States under the protective tariff, as shown in the census of 1909, is unprecedented in the history of any other great nation.

SUMMARY OF THE STATISTICS OF THE MANUFACTURES OF THE UNITED STATES IN 1904 AND 1909 (NOT INCLUDING ALASKA, HAWAII OR PORTO RICO). (FROM CENSUS BULLETIN OF OCTOBER 18, 1911.)

	Census.		Per cent of Increase
	1909.	1904.	1904 to 1909
Number of establishments	268,491	216,180	24
Capital	$18,428,270,000	$12,675,581,000	45
Cost of materials used	12,141,291,000	8,500,208,000	43
Salaries and wages, total	4,365,613,000	3,184,884,000	37
Salaries	938,575,000	574,439,000	63
Wages	3,427,038,000	2,610,445,000	31
Miscellaneous expenses	1,945,676,000	1,453,168,000	34
Value of products	20,672 052,000	14,793,903,000	40
Value added by manufacture (products less cost materials)	8,530,761,000	6,293,695,000	36
Employes:			
Number of salaried officials and clerks	790,267	519,556	52
Average number of wage earners employed during the year	6,615,046	5,468,383	21
Primary horsepower	18,680,776	13,487,707	39

Increase in manufactures.

In 1909 the value of the products of manufactures was $20,672,052,000, as compared with $14,793,903,000 in 1904 and $11,406,927,000 in 1899. The increase was 39.7 per cent in the last five years and 29.7 per cent in the preceding five years. This is exclusive of neighborhood industries and hand trades, which aggregated in value $1,597,473,143 in 1899. No attempt has been made to exclude these small industries from census returns previous to 1899, and the deduction for that year related only to the total, so that comparison cannot be fairly made with the aggregate returns previous to 1899 or with the returns of each industry previous to 1904.

With these small industries included, the per capita value of manu-

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factures in 1860, at the end of a long period of Democratic rule, and seventy years after the adoption of the Constitution of the United States, was only $59.97. Since that time the country has passed through the destructive War of the Rebellion and had four years of Democratic anti-tariff rule, and yet, in 1909, the per capital value of manufactures was $220.40. This enormous increase was due to the protective tariff. The value of manufactures has more than quadrupled since 1880, the greatest increase having taken place between 1900 and 1909. There were 268,491 manufacturing establishments returned in 1909, and, excluding neighborhood industries, 207,514 in 1899. Since the interpretation of the term "establishment" is not always the same at each census, the number of establishments is not a true guide to the number of mills or plants devoted to an industry. An "establishment" in the census returns of 1900 was defined as "representing one or more mills owned or controlled by one individual, firm or corporation, located either in the same city or town or in the same county, and engaged in the same industry." The only county presentation was abandoned in the census of 1905; hence, only one report was required for plants operated under the same ownership engaged in the same industry in the same State or Territory. There is an increasing tendency to bring factories and mills engaged in the same industry under one ownership, and to direct their operation from a central office. This condition increases the number of mills or plants considered as a single establishment and explains the apparent decrease in the number in many industries. The total may be accepted as a general indication of the number of manufacturing enterprises.

The classification of industries is not precisely the same in each census return, which also lessens the value of comparisons as to particular industries, but in the main, comparisons can be made fairly with recent census years. There were 7,678,578 persons engaged in manufacturing industries in 1909, an increase of 1,464,966 over 1904. In wage earners, excluding persons receiving salaries, the increase was 21 per cent in five years. The rate of progress was greater than for the preceding five years and would probably have continued at an increasing ratio had not a halt been caused by the agitation for tariff reduction.

Combined Textiles.

Total textile products.

The combined textile industries produced $1,592,482,000 in value of products in 1909, an increase of 36.7 per cent over 1904, in which year the increase was 31.3 per cent over 1899. The textile industries are more subject to competition than other industries, and this increase of $705,609,000 in the value of their products in ten years is

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effective testimony as to the value of the protective tariff. The increase in salaries and wages in the industries in 1909 was $131,786,000 over 1899, while in the materials used the increase in value was $444,165,000. Those two sums, aggregating $575,951,000, represent the annual saving in textiles effected in ten years as a result of the protective tariff, without which the manufactured goods would have been imported or else American workmen would have had to accept the rate of wages paid abroad, including India and Japan, where 15 cents a day is considered fair pay. In cotton goods the annual increase in the value of the manufactured product in the ten years was $290,499,000; hosiery and knit goods, $104,309,000; wool manufactures, $210,229,000; silk and silk goods, $89,219,000, and cordage and twine, jute and linen goods, $11,344,000. The value added by manufactures in the textile industries, that is, the value of the product less cost of materials, was $644,806,000, or a gain of 47.1 per cent over 1904, as compared with 14.3 per cent increase in 1904 over 1899.

The Silk Industry of the United States.

Since 1905 the United States, with the exception possibly of China, has been the largest silk manufacturing country in the world. This is one of the industries which has been established in the United States since the Civil War. Its growth has been phenomenal, the product increasing from about $4,000,000 in 1860 to $196,912,000 in 1909. The raw material used, consisting of raw fibers and yarns, is wholly imported, the import value of which increased from $58,093,000 in 1899 to $107,767,000 in 1909, or 85 per cent, while the quantity of raw silk used during the same period increased from 9,761,000 pounds to 17,471,000 pounds, or 69 per cent. The fact should be noted that during this decade the price of the material used, which has been imported, has increased 66 per cent. Spun silk has increased 43 per cent in the quantity used and 43 per cent in price. The industry has grown by leaps and bounds; the quantity manufactured trebled between 1860 and 1880 and more than doubled during the next two decades, and increased 83 per cent during the last ten years. Artificial silk, used in the manufacture of braids and trimmings, is taking the place of the natural material. The quantity used has increased from 6000 pounds in 1899 to 876,000 pounds in 1909. In the value of the product made the States rank as follows: New Jersey, Pennsylvania, New York, Connecticut, Massachusetts and Rhode Island. Notwithstanding the large production in the United States our imports in 1909 were valued at $15,313,237 from France; $2,852,274 from Japan; $721,429 from Italy, $405,501 from China

Silk manufactures.

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and $13,415,541 from all other countries. The great variety of the fabrics and articles which are now manufactured in the United States appears from the following table, showing the principal products made in 1899, 1904 and 1909, as follows:

(From Census Bulletin issued in 1911.)

Item.	Census. 1909.	1904.	1899.	Per cent of Increase 1899 to 1909.
Number of establishments	843	624	483	75
Products: Total value	$196,425,000	$133,288,000	$107,256,000	83
Organzine and tram made for sale:				
Pounds	2,811,000	2,026,000	2,468,000	14
Value	$ 12,772,000	$ 9,191,000	$ 11,167,000	14
Spun silk yarn made for sale:				
Pounds	779,000	571,000	437,000	78
Value	$ 2,104,000	$ 1,661,000	$ 1,026,000	105
Machine twist, sewing, embroidery, wash and fringe and floss silks:				
Pounds	2,008,000	1,745,000	1,727,000	16
Value	$ 10,454,000	$ 10,146,000	$ 10,246,000	2
Dress goods, figured and plain, and other broad goods, except velvets and plushes:				
Yards	185 897,000	124,871,000	87,637,000	112
Value	$107,990,000	$ 66,918,000	$ 52,153,000	107
Velvets and plushes:				
Yards	12,853,000	9,810,000	8,971,000	43
Value	$ 6,873,000	$ 4,502,000	$ 4,960,000	39
Tapestries and other upholstery broad goods:				
Yards	227,000	1,766,000	1,333,000	*83
Value	$ 383,000	$ 1,560,000	$ 1,010,000	*62
Ribbons: Value	$ 32,627,000	$ 21,890,000	$ 18,467,000	77
Laces, braids, trimmings, fringes, gimps, etc.: Value	$ 10,518,000	$ 8,476,000	$ 4,862,000	116
Other silk products: Value	$ 4,340,000	$ 5,228,000	$ 1,028,000	322
Amount received for contract work: Value	$ 8,364,000	$ 3,716,000	$ 2,337,000	258

This important industry has been wholly established by protective duties. In the first volume of this work it is shown how this industry, which for many years was carried on in England with great success, has been almost wholly supplanted under free trade, and how manufacturers and artisans skilled in the art of dyeing and weaving silk fabrics left England and came to America, and also how manufacturers abandoned their plants and set up the industry in Paterson, New Jersey, and other cities of our Union. One important feature of the silk industry is that it is being extended to many small towns and villages throughout the Eastern States.

Artisans left England.

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The Cotton Manufacturing Industry.

Manufactures of cotton.

As appears by another table, the number of establishments was 1324 in 1909, an increase of 24 per cent over 1899, and that since 1899 the value of the product has increased 85 per cent, reaching $628,392,000. In another table will be found the figures showing the number of artisans employed, wages paid, value of material used, etc. The industry in 1909 furnished employment for 378,818 laborers and 8434 salaried employes, to whom was paid $132,859,000.

The following table shows the great variety of the articles and fabrics manufactured by this industry.

(From the Census Bulletin issued June 17, 1911.)

Plain cloths for printing or converting:		Upholstery goods: Tapestries (piece goods and curtains):	
Square yards	2,437,967,000	Square yards	11,753,000
Value	$ 121,341,000	Value	$ 5,015,000
Brown or bleached sheetings and shirtings:		Lace and lace curtains:	
Square yards	1,307,958,000	Square yards	85,350,000
Value	$ 80,318,000	Value	$ 9,725,000
Twills and sateens:		Other, including covers:	
Square yards	388,315,000	Square yards	3,222,000
Value	$ 34,274,000	Value	$ 1,256,000
Fancy woven fabrics:		Bags and bagging:	
Square yards	427,769,000	Square yards	52,694,000
Value	$ 47,666,000	Value	$ 4,332,000
Ginghams:		Cotton towels and toweling:	
Square yards	536,443,000	Square yards	52,808,000
Value	$ 37,801,000	Value	$ 6,066,000
Duck:		Cotton yarn manufactured for sale:	
Square yards	163,487,000	Pounds	470,221,000
Value	$ 27,846,000	Value	$ 109,219,000
Drills:		Thread:	
Square yards	215,580,000	Pounds	23,701,000
Value	$ 16,265,000	Value	$ 20,516,000
Ticks, denims, and stripes:		Twine:	
Square yards	264,175,000	Pounds	13,600,000
Value	$ 27,288,000	Value	$ 2,397,000
Napped fabrics:		Batting and wadding:	
Square yards	305,656,000	Pounds	10,626,000
Value	$ 25,695,000	Value	$ 1,472,000
Corduroy, cotton velvet, and plush:			
Square yards	19,706,000		
Value	$ 6,966,000		
Mosquito and other netting:		Cotton waste, sold as such:	
Square yards	59,101,000	Pounds	309,298,000
Value	$ 2,104,000	Value	$ 10,834,000
		All other products, value	$ 14,557,000

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The Manufacture of Woolen Goods in 1909.

The number of persons engaged in this industry in 1909 was 175,176, the capital invested $430,579,000, wages paid $72,427,000, salaries $10,097,000, materials consumed $282,878,000, and the value of the product was $435,979,000. The following table exhibits the quantity and value of the different classes of woolen goods exclusive of knit goods, hosiery, carpets, felt goods and wool hats manufactured in the United States in 1909. *Manufactures of wool.*

Statistics of the Manufacture of Woolen Goods in 1909.

(Compiled from Census Bulletin of April, 1911.)

Items.	Square yds.	Value.
All-Wool Woven Goods:		
Woolen cassimeres, suitings, overcoatings, etc.	55,441,000	$ 40,528,000
Woolen dress goods, opera flannels, etc.	29,100,000	16,385,000
Worsted coatings, suitings, overcoatings, etc.	120,309,000	102,725,000
Worsted dress goods, cassimeres, serges, etc.	105,799,000	54,030,000
Flannels for underwear	3,805,000	1,244,000
Blankets	5,130,000	3,226,000
All other all-wool goods	3,179,000	1,705,000
Union or Cotton-Mixed Woven Goods:		
Suitings and overcoatings	23,498,000	10,509,000
Dress goods, opera and similar flannels	4,320,000	1,777,000
Flannels for underwear	7,064,000	1,308,000
Blankets	5,495,000	1,429,000
All other union goods	1,243,000	448,000
Cotton-Warp Woven Goods:		
Wool-filling, cassimeres, suitings, overcoatings, etc.	46,722,000	12,363,000
Wool-filling dress goods	13,116,000	2,642,000
Worsted-filling suitings, overcoatings, etc.	29,830,000	15,333,000
Worsted-filling dress goods	65,113,000	14,799,000
Satinets and linseys	5,102,000	912,000
Linings, Italian cloths, etc.	29,608,000	9,089,000
Cotton-warp blankets	5,970,000	1,902,000
All other cotton-warp goods	11,555,000	3,975,000
Upholstery Goods and Sundries	.....	1,805,000

The Manufactures of Carpets and Rugs in the United States in 1909.

In 1909 the carpet industry employed 34,706 persons. The capital invested was $75,627,000, materials consumed $39,563,000, and the value of the product was $71,188,000, an increase of 15 per cent in five years. *Carpets.*

This industry was one of the earliest to receive the support of the government. It was established and has been maintained by protection.

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VARIETY AND VALUE OF THE PRODUCT.

(From the census of 1909.)

Carpets.	1909.
Axminster and Moquette:	
Square yards	7,470,000
Value	$ 7,456,000
Wilton:	
Square yards	3,552,000
Value	$ 6,601,000
Brussels:	
Square yards	3,352,000
Value	$ 4,376,000
Tapestry Velvets:	
Square yards	6,301,000
Value	$ 5,078,000
Tapestry Brussels:	
Square yards	12,331,000
Value	$ 8,854,000
Ingrain, 3-Ply:	
Square yards	2,358,000
Value	$ 1,130,000
Ingrain, 2-Ply:	
Square yards	20,869,000
Value	$ 5,597,000

Rugs, Woven Whole.	1909.
Axminster and Moquette:	
Square yards	8,424,000
Value	$ 9,629,000
Wilton:	
Square yards	2,340,000
Value	$ 4,340,000
Brussels:	
Square yards	1,353,000
Value	$ 1,166,000
Tapestry Velvets:	
Square yards	3,997,000
Value	$ 3,615 000
Tapestry Brussels.	
Square yards	5,812,000
Value	$ 4,479,000
Ingrain Art Squares:	
Square yards	6,131,000
Value	$ 2,408,000
Smyrna Carpets and Rugs:	
Square yards	1,400,000
Value	$ 1,660,000

The history of the carpet industry, its establishment and progress under protective tariffs has been given in previous chapters. From a total product of $71,854,000 the American market is nearly supplied. The importations in the last census year were 1,042,378 yards, valued at $4,032,512. The rugs imported are of Oriental make, coming from Turkey, Persia, India and the British East Indies. The largest quantity imported in 1909 came from Turkey, valued at $2,937,326. Our exports are small, amounting to only $66,653 in 1909.

That the textile industries are dependent on protection for their prosperity is demonstrated by the effect of the Gorman-Wilson law.

Depression of 1896.

The fruits of the Dingley law are emphasized when we compare the vigorous, healthy and prosperous condition of our textile industries as exhibited by the census returns of 1910, with the depressed condition of the trade in 1896 under the influence of the low tariff policy of the Democratic party. In 1896 42 per cent of our woolen machinery was idle; 43 per cent of our woolen mills were idle; 47 per cent of the knitting machinery was idle; 53 per cent of the knitting mills were idle. The cotton industry was in an equally deplorable state. Fifty-seven per cent of the mills were idle. Then our industries, by a downward revision of the tariff, were reduced toward the level of the business of the Old World. Such was the result of the leveling processes introduced in 1894. A similar result has followed every downward revision of the tariff that has been made by Congress since the formation of our government. On the contrary, the history of our country shows that during every period

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of adequate protection our mills have run at full time and our machinery has been operated at its full capacity, labor has been well employed at increasing wages, and general prosperity has pervaded the whole country. These facts should be seriously considered by those who are now (February, 1912) contemplating the application to our industries of another downward leveling tariff law.

Automobiles.

The development in this country of the automobile industry is further evidence of the immense advantage of the protective tariff. The automobile industry was first established in Europe, and many cars were imported into the United States before any were made here. According to the census of 1899 there were 57 establishments in the United States making automobiles, the output of machines and parts of machines amounting in value to $4,748,000. Many automobiles were imported at that time, but as it was a new industry no separate returns were made by the Treasury Department until 1906, when the imports were valued at $4,245,000, increasing the next fiscal year to $4,482,000. Since then, notwithstanding the enormous increase in the use of these cars, imports have declined, amounting to $2,250,000 for the fiscal year 1911. On the other hand, the products of the industry in the United States were in value, according to the Manufacturers' Association, over $300,000,000 for the calendar year 1911. The census returns show that the products of this industry were in value $249,202,000 in 1909, an increase of 730 per cent over 1904, in which year the value was 532 per cent greater than in 1899. In 1909 the salaries and wages paid in the industry amounted to $58,173,000, not counting those paid in the production of the raw material. This development was the result of a "basket" clause in the Dingley tariff law which made the duties on articles not specified 45 per cent. That is still the duty and has built up our industry of $300,000,000 in a little over ten years. Instead of importing to a large extent, the country is now exporting automobiles, the value of the exports reaching over $15,000,000 in the calendar year 1911.

A new industry.

Tinplate.

Tinplate is another conclusive illustration of the benefits of the tariff. In the fiscal year 1891 the United States paid $35,746,920 for the foreign value of the tinplate imported. None was made in this country at that time. A protective duty was imposed by the McKinley tariff law and the imports in 1893 were in value $17,565,640. They never reached that

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figure again, though the development of the industry was arrested by the Wilson tariff law which cut the rates about one-half. The Democrats could not find language sufficiently lurid to express their contempt for the effort to develop a tinplate industry in the country. Mr. Cleveland, whom the Democrats elected President, thought the tinplate duty "robbery" and "idiotic statesmanship." But the Republicans restored the duty in 1897, and as a result, notwithstanding the enormous increase in consumption, this country now produces practically all of the tinplate it consumes. The imports for the calendar year 1911 were only a little in excess of $1,000,000 in value, and there was a drawback of the duty for the reason that they were all used for coverings for goods exported. In the meantime the exports have reached $4,000,000 in value, or four times as much as the imports, while the annual production in the country exceeds in value $50,000,000. Prices of tinplate in Europe have advanced more rapidly than in the United States, which accounts for the decline in imports even when used for export purposes so as to get back the duty paid.

Tinplate.

Iron and Steel.

The iron and steel industry, comprising blast furnaces, steel works and rolling mills, wire and tin and terne plates, is the leading industry in the United States, though the value of the products in 1909, as shown by the census, was only $349,000 greater than that of the combined textile industry. In the latter industry 861,621 persons were directly employed, while only 328,912 were employed in the iron and steel industry. The development of this industry is a monument to the wisdom of the protective policy. When protective duties were first imposed this country was largely dependent on the United Kingdom for much of its iron and steel, while in the fiscal year 1909, under the Dingley tariff, excluding iron ore, pig iron billets, ingots, etc., and tinplate, on which a drawback of duty was allowed, the imports were in value about $10,000,000, while the exports, excluding similar articles, were in value $135,000,000. Under the reduced rates of the new tariff the imports increased $16,000,000 the first year, and exports in some lines increased, largely owing to the decreased demand in the United States because of tariff agitation.

Iron and steel.

The production of steel in this country had never reached 1,000,000 tons in any year previous to 1880; but the protective tariff started the industry forward so that the production of steel in 1910 was 26,094,919 long tons. The production of pig iron increased from 2,714,853 tons in 1879 to 27,303,567 tons in 1910. Instead of being dependent on any

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other country for iron or steel, the United States has forged far ahead of even the United Kingdom, which for a long time was the leading country in the production of this and other metals.

By adopting and adhering to free trade the United Kingdom has fallen far behind in the production of iron and steel, as in many of the other products. In 1910 Germany, with the advantage of protective tariff, also forged ahead of the United Kingdom. In pig iron the United States led as in steel, with a product of 27,303,567 tons, Germany, including Luxemburg, following with 14,556,000 tons, and the United Kingdom trailing behind with 10,012,000 tons. In 1897 Germany exported 768,000 tons of iron and steel and the United Kingdom 3,318,000 tons. In 1910 Germany's exports had increased to 4,868,000 tons, while those of the United Kingdom reached only 4,594,000 tons. This was exclusive of steamships and machinery in both cases. The increase in Germany, like that in the United States, has been due to the protective tariff, the United Kingdom suffering from its free trade theories by which it loses a large part of even its home trade.

The United States and England.

On the Pacific coast of the United States foreign producers have an advantage because of low ocean transportation rates as compared with railroad rates. In the fiscal year 1909, the last year of the Dingley tariff, the imports of iron and steel at Pacific ports were in value $905,030. In 1911 under the lower rates the imports were $2,291,907, an increase in that short time of over 153 per cent. China exported some pig iron and imports promised greatly to increase in the future from that source. China has large deposits of both iron ore and coal, and labor can be obtained at one-fifteenth the rates prevailing in Pittsburg. With good government, which will promote the development of manufactures, China has a great future before it.

Shipping.

Shipbuilding is one of the industries in which the United States does not progress as rapidly as should be the case. The coastwise shipping is protected from foreign competition, and it increased from 2,715,224 tons in 1880 to 6,716,257 tons in 1910. Shipping rates have been greatly reduced in the coastwise trade, and the quality of the vessels wonderfully improved; but in the foreign shipping, which is open to the world, on an equal basis, the opposite condition is noticeable. In 1878 the United States had 1,629,048 tons of shipping engaged in the foreign trade, which declined to 791,825 tons in 1910, notwithstanding the fact that the value of the foreign trade nearly trebled in that time. United States vessels carried over 35 per cent of the foreign trade in 1870,

Decline of shipping.

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but in 1910 only 8.7 per cent. The value of the domestic exports for the fiscal year 1911 was $2,013,549,025, of which United States vessels carried only $131,457,864. A similar shameful condition existed in the import trade. American sailors will not work for the wages paid foreign sailors, nor be content with the same fare. They need the protection given to other industrics, and until they get it our foreign trade will continue to be under the control of foreign shippers. The loss to this country from this source is estimated as high as $200,000,000 annually.

Beet Sugar.

Beet sugar.

The growth of the beet sugar industry is further proof of the wisdom of protection. It was established by a bounty on the production of sugar granted by the McKinley tariff law of 1890. This, however, was repealed by the Wilson tariff, which arrested its progress. The Dingley law restored the protection, and the result is seen in the production of over $50,000,000 worth of beet sugar in 1910. The big refineries of the sugar trust and of Spreckels and others do not handle beet sugar. For that reason they have sought to arrest the development of the industry and have retarded its progress; but if the protection is continued there is no question that in time this country will produce all the sugar it consumes in the same way that Germany, France and other European countries now do. That will mean the retention in the United States of more than $100,000,000 now annually sent abroad to pay for sugar, and it will enrich and diversify the American farming industry.

Manufactures Showing Greatest Increase.

The manufacturing industries showing the greatest percentage of increase in the value of the products during the last ten years are as follows:

	Per cent.		Per cent.
Automobiles	729	Engraving materials	438
Artificial stone	350	Food preparations	104
Artificial flowers	357	Foundry supplies	117
Artists' materials	105	Graphite refining	223
Beet sugar, nearly	100	Grindstones	114
Buttons	104	Hair work	529
Cars	138	Iron and steel doors and shutters	103
Cash registers and calculating machines	140	Iron and steel pipe	77
China decorating	140	Labels and tags	89
Cement	111	Lead pencils	66
Cordials and syrups	175	Mats and matting	195
Corsets	123	Motor cycles and bicycles	107
Emery and other abrasive wheels	225	Optical goods	91
		Pens	71

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	Per cent.		Per cent.
Photographic apparatus	73	Typewriters	85
Rubber goods	103	Washing machines	51
Smelting and refining	61	Watches	101
Soap	63	Window shades and fixtures	67
Stationery goods	87	Wire	122
Straw hats	106	Wood screws	190
Supplies for dairymen, poulterers and apiarists	136	Wool pullings	487
Surgical appliances	70	Wool scourings	212

The manufacturing industries of the United States have reached such magnitude that an idea of the great variety of the commodities produced, laborers employed, wages paid, materials consumed and the value of the product can best be ascertained by studying Table No. 12 to be found on pages 442 to 451.

Industrial Progress of the Southern States.

In previous chapters of this work, in reciting the history of the establishment and growth of the protective system in the United States, and in giving the history of the organization of the free trade party and the causes which inspired its activity, the writer was compelled to treat at some length the attitude of the people of the Southern States and to point out the relation between the low tariff party and the institution of human slavery. While the history of this phase of the subject substantially closes with the Civil War, and is found in the second volume of this work, it was continued with some detail in giving the account of our tariff controversy up to 1892.

Southern progress.

It is with great satisfaction that the writer is now enabled to present the facts showing an entire change of policy on the part of the people of the Southern States. Up to 1860 the Southern people had been taught by their statesmen that it was to their interests to confine their energies to those pursuits of agriculture which were so highly favored by the nature of their soil and climate, such as the production of cotton, rice, tobacco, etc. The protective policy was introduced by Alexander Hamilton and supported by all of the great protectionists of the nation as being beneficial to all sections of our common country. It was repeatedly urged that the welfare of the Southern people could best be promoted by the prosecution of manufacturing, mining and all interrelated industries, together with their natural agricultural resources. It was early known that the Southern States contained inexhaustible mines of coal and iron and a great variety of minerals, with abundant water power and all of the great natural advantages and facilities for the diversification of industries. The great statesmen of the country constantly

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and earnestly urged upon the people of the South the wisdom of availing themselves of all the advantages of the protective policy, in common with other sections of our country; but such advice was persistently rejected, and the Southern States remained solely agricultural until farseeing Northern men, possessed of great business abilities, entered upon the development of their mines and forests and the introduction of manufacturing enterprises. The South soon became one of the most inviting fields for the investment of capital, for the development of native resources, the erection of manufactures and the construction of railroads. The growth of the internal industries of that section during the thirty years, as disclosed by the censuses of 1880, 1890, 1900, and 1910, scarcely has a parallel in the industrial history of mankind. The usual and necessary results which flow from such growth have revolutionized the industrial life of this, so long neglected, part of our country. The increase in population of the States, cities and villages, the accumulation of wealth, the spirit of industry and thrift which is animating the people, especially the young and middle-aged men, are to-day attracting the attention of the entire world.

The Manufacturers' Record of Baltimore, in its Annual Blue Book of Southern Progress, 1911, published the following facts and statistics showing the marvelous growth and development of the Southern States from 1880 to 1910, which by permission is here given, as follows:

Southern Factors Making Southern Facts.

Southern resources and productions.

The South Yields Annually	The South's Resources Include
$2,690,000,000 from its factories.	232,400,000 acres of wooded area.
$2,600,000,000 from its farms.	16,000 miles of navigable streams.
$440,000,000 from its forests.	2500 miles of coast line.
$280,000,000 from its mines.	71,907 miles of railroad.
$1,000,000,000 of cotton with seed.	$2,120,000,000 in manufacturing.
$730,000,000 of grain.	265 separate kinds of industries.
$200,000,000 of live-stock.	11,100,000 active spindles.
$175,000,000 of dairy products.	235,000 active looms.
$170,000,000 of poultry products.	850 cotton mills.
$150,000,000 of fruit and vegetables.	840 cottonseed-oil mills.
$69,000,000 of tobacco.	125 blast furnaces.
$50,000,000 of sugar products.	25,000 lumber mills.
$628,000,000 of exports.	50 leading minerals.
24,000,000,000 feet of lumber.	1,104,000,000 bushels of cereals.
1,250,000,000 pounds of cotton goods.	109,000,000 tons of coal.
27,600,000 population.	25,000,000 barrels of petroleum.
806,947 square miles of land area.	9,180,000 tons of coke.

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7,055,000 tons of iron ore.
3,496,000 tons of pig-iron.
2,395,000 tons of phosphate rock.
350,000 tons of sulphur.
490,000,000,000 tons of coal.
10,000,000,000 tons of iron ore.
9,000,000 horse-power in streams.
1,000,000 hydro-electric power.
350,000,000 acres farm land.
38,700,000 head of live-stock.
$1,460,000,000 of bank deposits.
$21,250,000,000 of property.

As the South enters the year 1911 it presents these facts to the world—facts largely the record of thirty years' development. What is yet to come is in the exhibit of Southern factors upon which achievement is to depend. The capabilities of the South in this respect are clearly shown in the following summary of advance made between 1880 and 1910:

Southern development.

Population, from 16,369,900 to 27,529,800, or by 11,159,900, equal to 68.1 per cent.

Capital invested in manufacturing, from $257,000,000 to $2,120,000,000, or by $1,863,000,000, equal to 724.9 per cent.

Value of products of manufacturing from $457,000,000 to $2,690,000,000, or by $2,233,000,000, equal to 488.6 per cent.

Capital invested in cotton mills, from $21,000,000 to $290,000,000, or by $269,000,000, equal to 1280.9 per cent.

Number of active spindles in cotton mills, from 668,000 to 11,100,000, or by 10,432,000, equal to 1561.6 per cent.

Number of active looms in cotton mills, from 14,300 to 235,600, or by 221,300, equal to 1547.5 per cent.

Pounds of cotton used in mills, from 108,695,000 to 1,114,632,000, or by 1,005,937,000, equal to 925.4 per cent.

Number of cotton-oil mills, from 45 to 840, or by 795, equal to 17,676.6 per cent.

Capital invested in cottonseed oil mills, from $3,800,000 to $96,200,000, or by $92,400,000, equal to 2431.6 per cent.

Pig-iron produced, from 397,000 long tons to 3,456,000 long tons, or by 3,053,900 long tons, equal to 770.5 per cent.

Coke made, from 372,000 short tons to 9,180,000 short tons, or by 8,808,000 short tons, equal to 2367.7 per cent.

Value of lumber products, from $39,000,000 to $440,000,000, or by $401,000,000, equal to 1028.2 per cent.

Lumber cut, from 3,410,000,000 feet to 23,574,000,000 feet or by 20,164,000,000 feet, equal to 591.3 per cent.

Value of agricultural products, from $660,000,000 to $2,600,000,000 or by $1,940,000,000, equal to 293.9 per cent.

Bales of cotton marketed, from 5,724,000 to 10,000,000, or by 4,276,000 bales, equal to 74.7 per cent.

Value of cotton crop, not including seed, from $312,000,000 to $734,000,000, or by $422,000,000, equal to 135.2 per cent.

Corn, wheat, and oats raised, from 577,328,000 bushels to 1,076,926,000 bushels, or by 499,598,000 bushels, equal to 86.5 per cent.

Value of mineral products, from $13,800,000 to $280,000,000 or by $266,200,000, equal to 1929.9 per cent.

Coal mined, from 6,000,000 short tons to 108,700,000 short tons, or by 102,700,000 short tons, equal to 1711.6 per cent.

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Iron ore mined, from 842,000 long tons to 7,055,000 long tons, or by 6,213,000 long tons, equal to 737.8 per cent.

Petroleum produced, from 179,000 barrels to 23,978,000 barrels, or by 23,799,000 barrels, equal to 13,295.5 per cent.

Phosphate rock marketed from 191,000 long tons to 2,375,000 long tons, or by 2,184,000 long tons, equal to 1143.4 per cent.

Aggregate length of railroads, from 20,600 miles to 71,907 miles, or by 51,307 miles, equal to 249 per cent.

Value of exports of merchandise, from Southern ports from $265,000,000 to $628,000,000, or by $363,000,000, equal to 136.9 per cent.

Aggregate resources of National banks, from $171,500,000 to $1,370,600,000, or by $1,199,100,000, equal to 699.1 per cent.

Capital of National banks, from $46,700,000 to $179,700,000 or by $133,000,000, equal to 284.8 per cent.

Individual deposits in National banks, from $64,700,000 to $709,700,000, or by $645,000,000, equal to 996.9 per cent.

Deposits in State, savings and private banks and in loan and trust companies, from $83,000,000 to $698,000,000, or by $615,000,000, equal to 74.9 per cent.

Expenditures for common schools, from $9,800,000 to $53,000,000, or by $43,200,000, equal to 440.9 per cent.

True value of property, from $7,505,000,000 to $21,494,000,000, or by $13,989,000,000, equal to 186.3 per cent.

Some of the figures upon which these calculations are based are for the year 1909. Some are conservative estimates.

Periods contrasted.

In 1910, with a population 5,000,000 less than the population of the United States in 1860, the value of the farm products of the Southern States was $2,600,000,000, or $1,000,000,000 greater in value than the entire farm products of the United States in 1860; and their wealth was $5,000,000,000 greater than the total wealth of the United States in 1860. The South is now mining annually 100,000,000 tons of bituminous coal a year, as compared with 42,000,000 tons, the entire bituminous coal output of the United States in 1880. The value of the product of manufactures in 1910 was $804,138,324 greater than the total value of the manufactured articles in the United States in 1860, and the true value of the taxable property of the Southern States in 1910 was $21,496,000,000, or $5,336,383,932 greater than the wealth of the United States in 1860. Similar comparisons of the growth in mining, manufacturing, transportation and various industries might be given in greater detail, but enough, however, is presented to establish the fact that by the application of labor, capital and ability to the development of the resources of the Southern States, under our system of protection they are now enjoying the most amazing period of expansion, growth and prosperity of any time during their history. With such astonishing facts before them, it is inconceivable that the Southern States should continue to elect to the United States Senate and House of Representa-

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tives members who favor such legislation as, if enacted, would stifle and destroy the very progress and prosperity which the Southern people are struggling to attain. It, however, might be reasonably predicted that the time is not far distant when the great majority of the Southern people will support the protective system with the same enthusiasm with which it has been supported by the people of the North since the close of the Civil War. It may, however, be that some great industrial calamity, or another experiment with a low tariff program, will be necessary to give to the free trade policy its final death blow with the Southern people. That the South is destined to become industrially as rich and powerful as the North there is not the slightest doubt.

The Cotton Industry.

Southern cotton mills.

The Southern people today are acting upon the advice given by Thomas Jefferson in 1816, to place the manufacturer by the side of the agriculturist. The advisability of establishing cotton factories in the cotton-growing States has long been urged by the great protectionist statesmen of the country. It is gratifying to know that the Southern people are now accepting and adopting this great principle of national economy. In 1890 of the cotton crop of 7,311,392 bales, Northern mills took 1,799,258 bales and Southern mills 549,894 bales, and the exports of that year's crop amounted to 4,996,543 bales. How the cotton manufacturing industry is taking up its abode in the cotton-growing States is shown by the fact that of the total crop of 10,609,668 bales of cotton produced in 1910, Northern mills took 1,993,904 bales, while the Southern mills took 2,341,303 bales, leaving for export 6,332,677 bales.

Further illustrating the growth and progress of the industries of the Southern States, the following table, showing the value of the products of Southern factories, compiled by the Manufacturers' Record for 1900 and 1909, is given as follows:

Increase in Principal Southern Factory Produce.

States.	Value, 1900.	Value, 1909.
Alabama	$ 72,110,000	$ 146,431,000
Arkansas	39,888,000	74,818,000
District of Columbia	16,426,000	*28,000,000
Florida	34,184,000	72,724,000
Georgia	94,532,000	202,641,000
Kentucky	126,509,000	223,754,000
Louisiana	111,398,000	223,928,000
Maryland	211,076,000	317,570,000
Mississippi	33,719,000	80,555,000
North Carolina	85,274,000	216 614,000
South Carolina	53,336,000	113,236,000

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Tennessee	92,749,000	180,130,000
Texas	92,894,000	272,896,000
Virginia	108,644,000	219,794,000
West Virginia	67,007,000	161,960,000
Total	1,239,746,000	2,535,051,000
Missouri	316,304,000	572,085,000
Oklahoma	8,134,000	53,682,000
United States	11,406,927,000	*20,728,098,000

*Partly estimated.

The growth of Southern cities, the increase in their exports and imports, the prodigious expansion of their domestic exchanges, the prosperity of their merchants, as well as of those engaged in transportation, manufacturing and agriculture, tell a story of amazing industrial growth and accumulation of wealth, all arising primarily from the development of their native resources and a combination of the pursuits of agriculture, manufacturing, trade, commerce and transportation. In 1880 there was produced in the Southern States only 379,301 tons of pig iron. In 1900 it had reached 2,604,671 tons and in 1910 3,456,000 tons. Their production of coke grew from 372,436 tons in 1880 to nearly 6,000,000 tons in 1900 and 9,180,000 tons in 1910. The table of statistics given above showing the progress of Southern industries covers so many branches of production and so completely illustrates the marvelous growth and progress which have taken place under the beneficent influence of the Dingley law, that further statistics illustrative of the point are unnecessary.

The welfare of labor.

One of the deplorable results of the institution of human slavery and the neglect to establish industries in which labor might find remunerative employment, was the degradation of the poor whites of the South. The "poor white trash," as they were called, became so numerous all through the Southern States that long before the Civil War their ignorance and poverty became subject of discussion and alarm by statesmen and historians. The liberation of the black man from the bondage of slavery made the labor problem of the South of tenfold more importance than it had ever been before. Considered from the standpoint of the welfare of the laborer alone, the Dingley law has accomplished more for the Southern States than for any other section of the country. It has worked a complete transformation among the masses of the people by providing them with opportunities to earn remunerative wages, to educate their children and to rise from a state of ignorance and semi-barbarism to that of civilized, useful citizens. As late as 1892 James Lane Allen in his "The Blue-Grass Region of Kentucky and other Kentucky Articles," writing of "The Mountain Passes of the Cumberland" said:

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CUMBERLAND GAP, KENTUCKY.—For within a hundred years, the only thing to take possession of it, slowly, sluggishly overspreading the region of its foot-hills, its vales and fertile slopes, the only thing to take possession of it and to claim it has been a race of mountaineers, an idle, shiftless, ignorant, lawless population, whose increasing numbers, pauperism and lawlessness, whose family feuds and clanlike vendettas have for years been steadily gaining for Kentucky the reputation for having one of the worst backwoods populations on the continent, or, for that matter, in the world.

Free trade conditions.

PINEVILLE, KENTUCKY.—Over this road, then, and towards this town, one day, five summers ago, I was picking my course, but not without pale human apprehensions. At that time one did not visit Pineville for nothing. When I reached it I found it tense with repressed excitement. Only a few days previous there had been a murderous affray in the streets; the inhabitants had taken sides; a dead-line had been drawn through the town, so that those living on either side crossed to the other at the risk of their lives; and there was blue murder in the air. I was a stranger; I was innocent; I was peaceful. But I was told that to be a stranger and innocent and peaceful did no good. Stopping to eat, I fain would have avoided, only it seemed best not to be murdered for refusing. All that I now remember of the dinner was a corn-bread that would have made a fine building stone, being of an attractive bluish tint, hardening rapidly upon exposure to the atmosphere, and being susceptible of a high polish. A block of this, freshly quarried, I took, and then was up and away. But not quickly for having exchanged my horse for another, I found that the latter moved off as though at every step expecting to cross the dead-line, and so perish. The impression of the place was one never to beforgotten, with its squalid hovels, its ragged armed men collected suspiciously in little groups, with angry, distrustful faces, or peering out from behind the ambush of a window.

Five years later Mr. Allen returned to Pineville and, witnessing the transformation which had followed the industrial development that had taken place under the operation of the Dingley law, said:

A few weeks ago I went again to Pineville, this time by means of one of the most extensive and powerful railroad systems of the South. At the station a 'bus was waiting to take passengers to the hotel. The station was on one side of the river, the hotel on the other. We were driven across a new iron bridge, this being but one of four now spanning the river formerly crossed at a single ford. At the hotel we were received by a porter of metropolitan urbanity and self-esteem. Entering the hotel, I found it lighted by gas, and full of guests from different parts of the United States. In the lobby there was a suppressed murmur of refined voices coming from groups engaged in serious talk. As by and by I sat in a spacious dining-room, looking over a freshly-printed bill of fare, some one in the parlors opposite was playing on the piano airs from "Tannhauser" and "Billee Taylor." The dining-room was animated by a throng of brisk, tidy, white young waiting-girls, some of whom were far too pretty to look at except from behind a thick napkin; and presently, to close this experience of the new Pineville, there came along such inconceivable flannel-cakes and molasses that, forgetting industrial and social problems, I gave myself up to the enjoyment

What protection did.

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of a problem personal and gastric; and ere long, having spread myself between snowy sheets, I melted away, as the butter between the cakes, into warm slumber, having first poured over myself a syrup of thanksgiving.

The next morning I looked out of my window upon a long, pleasant valley, mountain-sheltered, and crossed by the winding Cumberland; here and there cottages of a smart modern air already built or building; in another direction, business blocks of brick and stone, graded streets and avenues and macadamized roads; and elsewhere, saw and planing mills, coke ovens, and other evidences of commercial development. Through the open door of a church I saw a Catholic congregation already on its knees, and the worshipers of various Protestant denominations were looking towards their own temples. The old Pineville, happily situated farther down the river, at the very opening of the pass, was rapidly going to ruins. The passion for homicide had changed into a passion for land speculation. The very man on whose account at my former visit the old Pineville had been divided into two deadly factions, whose name throughout all the region once stood for mediæval violence, had become a real estate agent. I was introduced to him.

As others see it.

"Sir," said I, "I don't feel so *very* much afraid of you."

"Sir," said he, "I don't like to run myself."

Such, briefly, is the impression made by the new Pineville—a new people there, new industries, new moral atmosphere, new civilization.

The explanation of this change is not far to seek. By virtue of its commanding position as the only inner gateway to the North, this pass was the central point of distribution for southeastern Kentucky. Flowing into the Cumberland, on the north side of the mountain, is Clear Creek, and on the south side is Strait Creek, the two principal streams of this region, and supplying water-power and drainage. Tributary to these streams are, say, half a million acres of noble timber-land; in the mountains around the best coals, coking and domestic; elsewhere, iron ores, pure brown, hematite, and carbonates; inexhaustible quantities of limestone, blue-gray sandstone, brick clays; gushing from the mountains abundant streams of healthful freestone water; on the northern hillsides, a deep loam suitable for grass and gardens and fruits. Add to this that through this water gap, following the path of the Wilderness Road, as the Wilderness Road had followed the path of the Indian and the buffalo—through this water-gap would have to pass all railroads that should connect the North and South by means of that historic and ancient highway of traffic and travel.

The change which has been wrought in the life and character of the mountaineers of Virginia by industry, was set forth in the Pittsburg Dispatch in 1907, as follows:

A newspaper's view.

The typical West Virginia mountaineer, with all his simplicity and openheartedness, is fast disappearing before the railroad, coal and lumber interests of that State. The lank, half-fed and half-clothed residents of the forest of fifty years ago are scarce, even in the remote counties of Greenbriar, Pocahontas and Randolph. The rapid development of that country has modernized him and all his family. While it is generally conceded that the little Mountain State is richer than Pennsylvania or Ohio in mineral and timber resources, it is the last of the three States to be developed. In the interior mining districts the natives have

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been driven back or assimilated by a more hustling and accumulative class. The man who a few years ago was content to eke out a mere existence is now fast taking on the grasping, dollar-hunting disposition of the outer world. As the railroads press to the common center the mountaineer disappears. When he begins to speak of the arrival and departure of trains by number and says "10:15," which he formerly called "a quarter after ten," he is lost to the picturesque tribe of his forefathers. He takes on new habits, has new thoughts, and is no longer content with the simplicity of his surroundings.

The old mountain fiddler, the hero of a thousand country dances, is also swallowed up by what is called civilization along with the root and herb hunter, the country doctor, and the girl with the raven hair and the snapping black eyes.

Henry Carey Baird of Philadelphia, an able and profound protectionist, who was familiar with the condition of the people of the South as it existed before the war and who witnessed the changes which have taken place under the influences of the Dingley law, attributes the advancement in the civilization of the people, the industrial growth and progress, to a diversification of industries which has been brought about by the people availing themselves of the opportunities, long neglected, secured to them by the American System. In a pamphlet written in 1908 on the South, he said:

The opinion of an economist.

That these transformations from barbarism to civilization present most enchanting views to all thoughtful men who would see realized the elevation and the emancipation of man, so long eluding the grasp of humanity, must on all hands, be acknowledged. Then, that we may with profit read and reading, clearly understand this lesson, we must seek out its cause; the principle or principles involved therein.

The case is simple: In eastern Kentucky and in West Virginia, compliance with the demands of the *law of association* has now for the first time become possible; and this tyrant law, when man conforms to its exactions, is always kindly, always helpful; always leading its tractable, docile child from the smaller triumphs over the forces of nature, to great ones, and greater still; with each step increasing his power to exchange services, commodities and ideas and to combine, in association with his fellow men. There is no deep unfathomable mystery here; its mere statement rises to the higher plane of argument.

But how has this desirable condition, this compliance, been brought about? Surely not merely because Kentuckians and others have determined to tap these treasure-holding hills, untapped throughout all the ages. Has it not been because in their own and other States a power of association through the diversification of industries—agriculture, the mechanic arts, manufactures, the technical application of chemistry and electricity, the development of literature and art has been such as to call for fuel, travel, transportation and ten thousand other things as to create a demand for the coal, iron and steel that these mineral regions have to dispose of?

And whence has come the capacity to demand of eastern Kentucky and West Virginia these material things? Has it not come from the fact that the government, in the immediate past, rising to a full realization of its duty, has *protected* the home markets now responding to the industrial outputs of Kentucky and West

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Virginia, from being rent asunder by foreign interference; by those who would destroy the natural and necessary *power of association* among ourselves? Thus has every industry an actual interest in the protection of every other industry against foreign aggression, a warfare that has so long been tolerated by our own government, to our own destruction and to the destruction of our institutions. Therefore is it that we be not content that our own special interests be protected, but that we demand it for all others, no matter how remote may seem to be our apparent interest in these others. In a word, no man, no body of men is sufficient unto himself or to themselves. Through the *law of association* there is perfect harmony of all true interests; each alike, giving and receiving. To treat of an ideal isolated, lonely man not in association with his fellows, is to treat of a man who does not and who cannot exist in this world, but is a mere unreal abstraction.

In this entire movement in eastern Kentucky and West Virginia this development of the power of association by final analysis *Labor* will be found the one great factor. Labor gives value to land and to the treasures therein, neither of which possesses value without the application of labor, and as man rises in value, so do land and the raw products of the earth, the fates of all these being indissolubly linked together "for better or for worse."

Transforming the west.

The transformation which has taken place in Kentucky and West Virginia, as disclosed by the foregoing articles, is simply illustrative of what has occurred in every other Southern State.

Manufacturing in the West.

The growth of manufacturing under the influence of the Dingley law has not been confined to the Southern States, nor to the Eastern or Middle States, but has extended to every part of our country. The States of New Mexico, Oklahoma, North Dakota, Nebraska, Missouri, Arizona, South Dakota, Wyoming, Idaho, Indiana, Iowa, Kansas and Utah now produce about one-tenth of all of the manufactures produced in the entire country. The following table, made up from the preliminary returns of the census of 1909, shows the capital invested and the value of the product of the several States named, as follows:

Capital.

	1904.	1909.	P. C. Inc.
New Mexico	$ 4,638,000	$ 7,396,000	59
Oklahoma	16,124,000	38,873,000	141
North Dakota	5,704,000	11,594,000	103
Nebraska	80,235,000	84,015,000	5
Missouri	379,369,000	442,847,000	17
Arizona	14,396,000	32,875,000	128
South Dakota	7,585,000	12,971,000	71
Wyoming	2,696,000	5,840,000	117
Idaho	9,689,000	32,377,000	234
Indiana	312,071,000	508,528,000	63
Iowa	111,427,000	171,299,000	54
Kansas	88,680,000	154,952,000	75
Utah	26,004,000	52,627,000	102

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VALUE OF PRODUCT.

	1904.	1909.	P. C. Inc.
New Mexico	$ 5,706,000	$ 7,599,000	33
Oklahoma	24,459,000	53,682,000	119
North Dakota	10,218,000	19,150,000	87
Nebraska	154,918,000	198,669,000	28
Missouri	439,549,000	572,085,000	30
Arizona	28,083,000	50,074,000	78
South Dakota	13,085,000	17,845,000	36
Wyoming	3,523,000	5,948,000	69
Idaho	8,769,000	22,479,000	156
Indiana	393,954,000	578,728,000	47
Iowa	160,572,000	259,268,000	61
Kansas	198,245,000	325,357,000	64
Utah	38,926,000	61,989,000	59

From a purely agricultural condition these States are following in the footsteps of the older States in the Union and advancing to that state of diversified industries which rounds out and makes complete the industrial life of a community. The manufacturing concerns of the States mentioned in 1909 employed 80,000 salaried clerks and officials and more than 500,000 wage earners. They paid out in wages $375,000,000. The policy of placing the manufacturer by the side of the agriculturist is as vital to the Western States as it has ever been to the older States of the Union. The Western States to-day are not as far advanced in industrial development as the Eastern States were in 1860. What diversified industry has accomplished for the Eastern States it may accomplish for all of the States lying west of the Mississippi River. To confine their energies to the production of grains, provisions and crude materials for shipment to Eastern and foreign markets, there to be sold and with the proceeds to purchase their clothing, tools, implements and manufactured articles, would be the height of economic folly; for in that sort of trade, or exchanges, if it may be called exchanges, they would receive relatively lower prices for everything they sent to market and pay relatively higher prices for everything which they do not produce. With their inexhaustible resources, vast water powers, constantly increasing population, the Western States furnish a most inviting field for future industrial development.

AGRICULTURE.

During the last decade, 1900 to 1910, the American farmer has enjoyed the most satisfactory conditions which have ever prevailed either in the United States or any other country. It has been shown in previous chapters that in 1789 we were a nation of farmers from Maine to Florida, and that one of the chief reasons for establishing a system of

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manufacturing in the United States was to build up a home market for the American farmer. The soil was rich, crops were abundant and yet scarcely worth harvesting. This was before the invention of agricultural machinery, or the introduction of canals and the construction of railroads which gave to the agriculturists facilities for transportation. Yet when the use of agricultural implements appeared and canals were constructed and the period of railroad building was begun, the agriculturists so greatly outnumbered our urban population that every year found the tiller of the soil with a large surplus of products for which there was no market. Even after the substitution of steam for sailing vessels and the construction of railroads throughout the Central and Western States, the farmer still found himself selling his products in a glutted market. The protectionists ever kept alive and urged upon the country the great problem of diversifying industries by the establishment of a system of manufacturing, the development of the mines and other sources for the production of raw materials, in order that we might bring about an equilibrium between our agricultural and urban population, or a condition in which the demand for the products of the farm would be kept equal to the supply; for it was only by this means that the American farmer could ever hope to receive remunerative prices for his products. The prodigious development of agriculture in the Middle and Western States, following the period of railroad building between 1870 and 1890, was shown in a previous chapter. It was pointed out how the growth of agriculture at that time so outstripped the expansion of other industries that the farmers suffered severely from low prices resulting from an oversupply of grains and provisions. This fact furnished the chief pressing necessity for so increasing the duties on competing imports that the manufactures of the United States would be gradually extended, and immigration pouring into the country be attracted to the cities in order that the equilibrium between the agricultural and urban population of the country might be restored. It was to accomplish this end that the increase in duties was made by the McKinley bill and restored by the Dingley law. There has not been any time in our history, except during the few years of the Civil War, when we have reached a position under which our industries have been well balanced until during the last fourteen years. One of the most favorable conditions which has flowed from the restoration of the protective policy by the act of 1897 has been the unparalleled growth of manufactures. The American agriculturist has finally reached that happy state which has so long been predicted by the great protectionist statesmen of the country—a condition under which the home market is ample to consume his products at reasonable and remunerative prices. The result has been that during the last ten years

The result.

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the American farmer has enjoyed a high degree of prosperity. Agricultural lands have increased in value, not only throughout the Central and Western States, but in the Southern States, and especially in the Eastern and New England States. In districts where farms had been abandoned and land values had declined, as a result of the excessive competition in the Eastern markets of the grains and provisions coming from the regions recently opened to settlement and cultivation west of the Mississippi River, abandoned farms have been reclaimed and farm values have increased. In the Eastern and New England States during the last six or eight years many have been moving from the cities to the farms; there has been a noticeable improvement in the methods of cultivation, in the appearance of the buildings, in the breeds of cattle, in the extension of the industry to poultry, truck gardening, the production of berries and fruits, and a decided increase in the production of milk, butter and dairy products. The prosperous condition of the agriculturists of the country has taken place in every section of the United States. The reduction of farm mortgages, the increased deposits in the banks located in farming sections, the improvement in buildings, better cultivation of the soil, the introduction of scientific methods, the greater comforts and luxuries which the people have enjoyed, have been commented on by the press and have even caused complaints in the cities in the belief that the farmers were enjoying more than their share of the good things of life.

Prosperous agriculture.

The complete census of agricultural statistics not having been published, the writer is compelled, in part, at this time, to quote the figures given by the Agricultural Department. On September 7, 1911, however, the Census Bureau made public figures and details of some of the principal statistics disclosed by the census of April 15, 1910. By a statement it appears that the number of farms in the United States increased from 5,737,372 in 1900 to 6,340,357 in 1910, an increase of 622,985, or 10.5 per cent. While the increase in the number of farms is relatively low, the value of farm property shows a prodigious increase. Farm lands, exclusive of buildings, which were valued at $13,058,008,000 in 1900, had more than doubled, being valued in 1910 at $28,386,770,000. This enormous increase in the value of farm lands of $15,328,762,000, representing an advance of 117.4 per cent in ten years, is unparalleled. The average value of farm lands per acre in the whole country increased from $15.57 in 1900 to $32.49 in 1910, a gain of $16.92 per acre, or 108.7 per cent. The value of farm buildings increased from $3,556,640,000 in 1900 to $6,294,737,000 in 1910, an increase of $2,738,097,000, or 77 per cent. An increase almost as great as in the value of buildings is shown in agricultural machinery, which increased from

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$749,776,000 in 1900 to $1,262,022,000 in 1910, an increase of over $500,000,000, or 68.3 per cent.

Economic changes.

Another feature disclosed is the relative increase of the urban over the rural population. The urban population increased from 40.5 per cent of the total population of 1900 to 46.3 per cent of the total population of 1910. That the American farmer is directing his attention to a better cultivation of the soil is disclosed by several facts embodied in the statement. It appears that while the average acreage of the farms in 1900 was 146, in 1910 it was 138 acres, a decline of 5.4 per cent. The percentage of improved acreage of the total acreage was 49 in 1900 and 55 in 1910. Moreover, it appears that in 1909 there was paid to labor $357,392,000 and in 1910 $645,612,000, an increase of 80.6 per cent. At the same time in the former year there was paid for fertilizers $53,432,000, and in the later year $114,277,000, an increase of 113.9 per cent. The fact that the American farmer has greatly improved his farm buildings, added to his equipment of agricultural implements, more than doubled the amount annually paid for fertilizers, and vastly increased his expenditures for labor, furnishes conclusive evidence, not only of his prosperity, but that the industry is being elevated to a higher and more efficient plane.

Value of products.

The yearly increase in the value of farm products was $4,209,000,000, reaching a total value of $8,926,000,000 in 1909. At the head of the industry stands the corn crop with a yield of 3,125,713,000 bushels valued at $1,523,968,000. This constitutes three-fourths of the world's crop, and we export one-third of all the corn sold in foreign markets. Coming next is the cotton crop of 11,965,962 bales valued at $820,320,000, together with 5,175,000 tons of seed worth $142,860,000. In 1910 the price of cotton was 15.11 cents per pound, having advanced from 9.80 cents in 1905. In 1911 a larger crop was worth $775,000,000, the price having dropped back to about 9 cents per pound.

The hay crop was 60,978,000 tons, valued at $747,769,000, produced on 45,000,000 acres. The wheat crop was 695,443,000 bushels, valued at $621,443,000, and the other principal grains and seeds and products were as follows:

	Bushels.	Value.
Oats	1,126,765,000	$384,716,000
Rye	33,000,000	23,840,000
Barley	162,227,000	93,785,000
Buckwheat	17,239,000	11,321,000
Flax seed	14,116,000	32,555,000
Rice	24,510,000	16,624,000
Wool (pounds)	321,362,750	72,489,838
Potatoes, Irish	338,811,000	187,985,000
Tobacco (pounds)	984,349,000	91,458,773

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Cereals.

Total cereals (not including rice) produced in 1910 was 5,160,476,000 bushels, valued at $2,659,073,000. The beat sugar produced in 1909 from beets grown by 58,000 farmers, was worth $48,122,000, an increase of 97.3 per cent in five years. The value of other sugar and molasses was $279,249,000.

The number and value of the principal farm animals in 1909, as shown by the Census Bulletin of April 15, 1910, were as follows:

	Number.	Value.
Cattle	60,000,000	$1,484 889,647
Horses, colts	19,731,060	2,076,297,828
Mules, colts	4,183,572	522,402,080
Asses, burros	101,392	13,092 867
Swine	58,000,632	398,002,878
Sheep, lambs	51,809,068	230,502,817
Goats, kids	2,798,160	5,964,812
Total value in 1909		$4,731,182,929
The value of the same kinds of live stock in 1900 was		$3,075,132,266
In the space of ten years the value of such stock increased		$1,819,816,516

or an increase of 94.9 per cent.

Farm animals.

The whole number of farm animals in 1910 was 199,241,000, valued at $5,138,486,000.

The number of oxen and other cattle was 27,610,054 in 1900, 51,565,731 in 1907, and 47,279,000 in 1909 (Statistical Abstract for 1911). The decline of over 4,000,000 in ten years may arise from the changed conditions in the far West.

The number of other animals, however, has greatly increased, as shown by the figures given in the Statistical Abstract of 1911 and the Census Bulletin of April 15, 1910, as follows:

	1900.	1910.
Dairy cows	16,833,675	20,580,845
Swine	37,079,356	58,000,000
Sheep and lambs	41,883,065	51,809,068
Horses	13,537,524	21,040,000
Mules	2,086,027	4,123,000

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Dairy products.

THE VALUE AND QUANTITY OF DAIRY PRODUCTS AS SHOWN BY THE CENSUSES OF 1904 AND 1909.

	Value of production.		Per cent of increase,
	1909.	1904.	1904-1909.
Number of establishments	8,479	8,926	5
Capital	$71,284,000	$ 47,256,000	51
Cost of materials used	235,546,000	142,920,000	65
Salaries and wages	14,672,000	9,789,000	50
Salaries	3,591,000	1,376,000	161
Wages	11,081,000	8,413,000	32
Miscellaneous expenses	8,480,000	4,074,000	108
Value of products	274,558,000	168,183,000	63
Value added by manufacture (products less cost of materials)	39,012,000	25,263,000	54
Employes:			
Number of salaried officials and clerks	5,056	3,507	44
Average number of wage earners employed during the year	18,431	15,557	18
Primary horsepower	101,349	93,845	8

	Quantities produced.		Per cent of increase,
	1909.	1904.	1904-1909.
Butter	624,764,653	531,478,141	18
Packed solid	410,692,616	364,432,996	13
Prints or rolls	214,072,037	167,045,145	28
Cheese	311,126,317	317,144,872	2
Full and part cream	297,913,775	239,652,643	24
Skimmed	7,770,812	3,459,582	125
Other kinds	5,441,730	74,032,656	93
Condensed milk	494,796,544	308,485,182	60
Sweetened	214,518,310	198,355,189	8
Unsweetened	280,278,234	110,129,993	154
Cream sold	81,211,374	28,131,914	189
Skimmed milk sold	352,594,574	1,161,414,457	70
Casein dried from skimmed milk	13,018,298	11,581,874	12

It is a noteworthy fact that under protection to the beet sugar industry it surpasses in quantity the production of cane sugar. The production of sugar from beets was 45,006,000 pounds in 1895 and reached 1,024,938,000 pounds in 1910; while the production of cane sugar was 729,392,561 pounds in 1895, it was only 750,400,000 pounds in 1910. This result fully vindicates the policy of protection to the industry, and demonstrates the possibility under adequate protection of supplying the entire home market with sugar and ultimately producing a surplus for export.

When the beet sugar industry was being established in Europe by protective tariffs and export bounties, the free traders said it would result

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in failure, using the old free trade argument of comparing the effort to a person trying to lift himself by his bootstraps. But Europe succeeded even against the cane growers of the tropics.

Other Farm Productions of the United States

(From census of 1900.)

Crop.	Quantity.	Value.
Apples, bushels	175,397,600	(a)
Apricots, bushels	2,642,128	(a)
Beans, castor, bushels	143,388	$ 134,084
Beans, dry, bushels	5,064,490	7,633,636
Bees, swarms	4,109,626	10,186,513
Broom corn, pounds	90,947,370	3,588,414
Butter, pounds (b)	531,478,141	113,189,452
Cheese pounds (b)	317,144,872	28,611,760
Chicory, pounds	21,495,870	73,627
Grapes, cental	13,009,841	(c) 14,090,234
Hemp, pounds	11,750,630	546,338
Honey, pounds	62,862,885	6,656,611
Hops, pounds	49,209,704	4,081,929
Milk, gallons	7,265,804,304	.....
Molasses, gallons	6,312,809	788,990
Nursery products	.....	10,123,873
Nuts	.....	1,949,931
Onions, bushels	11,790,994	6,637,413
Orchard products, bushels	212,365,600	(d) 83,750,961
Peanuts, bushels	11,964,109	7,270,515
Peas, dry, bushels	9,440,210	7,908,966
Potatoes, sweet, bushels	42,517,412	19,869,840
Seeds, clover, bushels	1,349,209	5,359,578
Seeds, grass, bushels	3,515,869	2,868,839
Sugar, maple, pounds	11,928,770	1,074,260
Syrup, cane, gallons	12,293,032	4,293,475
Syrup, maple, gallons	2,056,611	1,562,451
Syrup, sorghum, gallons	16,972,783	5,288,083
Vegetables, miscellaneous	.....	113,644,398

(a) Included in orchard products. (b) Not including rice. (c) Including value of raisins, wine, etc. (d) Including value of cider, vinegar, etc.

Kindred industries.

Some of the items which two decades ago were scarcely mentioned in the census returns are now listed by the Agricultural Department among the great groups of farm products. The census returns of 1910 show 295,876,176 fowls worth $153,394,142 on the 5,585,012 farms. The chickens numbered 280,340,643, worth $140,192,912; turkeys 3,688,688 valued at $6,605,640; geese, 4,431,623, valued at $3,192,861, and ducks numbering 2,904,359, worth $1,556,176. The increase in poultry value since 1900 has been $70,000,000, a little less than 100 per cent. The value of bees in 1910 was $10,371,711.

That these last mentioned industries are being prosecuted by good business methods is shown by the fact that the value of dairymen's, poulterers' and apiarists' supplies manufactured in 1909 was $15,463,000,

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being an increase of 136.3 per cent in five years. Another industry which indicates the improved state of agriculture is the manufacture of fertilizers, the product of which was worth $103,960,000 in 1909, showing an increase over 1905 of 86.9 per cent.

F. T. Finch, for years an instructor of poultry culture at Cornell, recently said of the importance of the poultry industry of the United States:

"Twenty-one years ago the total value of American poultry products was only $290,000,000, and that was considered a splendid showing. For ten years the business grew slowly; it was then regarded as a 'pin-money' occupation for women and children. In 1900 the industry started upwards with leaps and bounds, keeping up such a fast pace that today only corn, hay and cotton surpass it in value of all farm products.

Poultry.

"The year of the greatest growth in value of poultry products was 1907, when a jump was made from $500,000,000 to $600,000,000. Again in 1908 the gain was nearly $100,000,000, and the three following years have showed gains of over half the amount annually. The day is not far distant when the poultry industry will be the billion-dollar industry, the leader among all the live stock and grain growing industries of the country."

What is the secret of the farmer's success? There is but one answer. The great home market for his produce that has been erected and maintained by the American System. One has only to contrast the prices which farm produce brought and the conditions of 1896 with those of 1910, to find the answer to the whole question. Senator Reed Smoot in a speech delivered in the United States Senate on May 27, 1910, presented some valuable statistics showing the advance in the prices of farm products between March, 1906, and March, 1910. These statistics are based on wholesale prices.

On the exchange values and purchasing power of farm products Senator Smoot said:

> The real value of any article is its exchange value. The real worth of farm products is measured by their value when compared with the value of articles which the farmer desires to purchase. No compilation of retail prices for 1910 and 1896 are available, but the retail price of any commodity follows in a general way, the wholesale price. Without retail prices it is impossible to measure the exact purchasing power of farm products, but the proportionate change in purchasing power is practically the same when wholesale prices are used as when retail prices are used. Ten bushels of corn equaled in value 70 pounds of Rio coffee in March, 1910, and 21 pounds in March, 1896. Ten bushels of corn equaled in value 16 gallons of New Orleans molasses in March, 1910, and 8 gallons in March, 1896. Ten bushels of corn equaled in value 131 pounds of sugar in March, 1910, and 59

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NELSON DINGLEY, JR.

"THAT NATION DOES MOST FOR MANKIND, JUST AS THAT FAMILY DOES MOST FOR SOCIETY, THAT FIRST OF ALL LOOKS TO THE MAKING THE MOST OF ITS OWN."

NELSON DINGLEY, JR.

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pounds in March, 1896. Ten bushels of corn equaled in value 80 yards of brown sheetings in March, 1910, and 51 yards in March, 1896. Ten bushels of corn equaled in value 16 yards of cashmere all-wool dress goods in March, 1910, and 14 yards in March, 1896. Ten bushels of corn equaled in value 35 bushels of anthracite stove coal in March, 1910, and 22 bushels in March, 1896. Ten bushels of corn equaled in value 53 gallons of refined petroleum in March, 1910, and 25 gallons in March, 1896. Ten bushels of corn equaled in value 337 pounds of wire nails in March, 1910, and 95 pounds in March, 1896. Ten bushels of corn equaled in value 1,040 brick in March, 1910, and 519 in March, 1896. Ten bushels of corn equaled in value 4 barrels of Portland cement in March, 1910, and 1 barrel in March, 1896.

The table which follows shows the value in March, 1910, and in March, 1896, of corn, wheat, cotton, oats, rye, barley, hay, hops, potatoes, flaxseed, fat cattle, fat hogs, dairy butter, and eggs, and the percentage of increase: *Prices.*

AVERAGE PRICE IN 1896 AND 1910, AND THE ADVANCE SINCE MARCH, 1896

Products.	1910, March.	1896, March.	Advance since March, 1896. Actual advance.	Per cent.
Corn, per bushel	$ 0.6245	$ 0.2859	$ 0.3386	118.4
Wheat, per bushel	1.187	.631	.556	88.1
Cotton, per pound	.1504	.07825	.07215	92.2
Oats, per bushel	.4474	.1927	.2547	132.2
Rye, per bushel	.7910	.3643	.4267	117.1
Barley, per bushel	.6931	.3056	.3875	126.8
Hay, timothy, per ton	17.05	11.40	5.65	49.5
Hops, per pound	.33	.07½	.255	340.0
Potatoes, per bushel	.3213	.1850	.1363	73.7
Flaxseed, per bushel	2.145	.885	1.260	142.4
Cattle, choice to extra steers, per 100 pounds	8.19	4.25	3.94	92.7
Hogs, heavy, per 100 pounds	10.615	3.9025	6.7125	172.0
Butter, dairy, per pound	.3115	.1980	.1135	57.3
Eggs, per dozen	.2570	.1240	.1330	107.3

The price of these farm products practically doubled.
Corn advanced 118.4 per cent.
Wheat advanced 88.1 per cent.
Cotton advanced 92.2 per cent.
Oats advanced 132.2 per cent.
Rye advanced 117.1 per cent.
Barley advanced 126.8 per cent.
Hay advanced 49.5 per cent.
Hops advanced 340 per cent.
Potatoes advanced 73.7 per cent.
Flaxseed advanced 142.4 per cent.
Fat cattle advanced 92.7 per cent.
Fat hogs advanced 172 per cent.
Dairy butter advanced 57.3 per cent.
Eggs advanced 107.3 per cent.

The above extract, showing the exchange values and purchasing power of a bushel of corn, was extended by Mr. Smoot in his speech to the purchasing power of ten bushels of wheat, a bale of cotton, twenty

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bushels of oats, twenty bushels of rye, twenty bushels of barley, one ton of hay, one hundred pounds of hops, twenty bushels of potatoes, ten bushels of flaxseed, three hundred pounds of pork, twenty pounds of butter and thirty dozens of eggs, with a similar result.

It should be noted, however, that the year 1896, taken as the basis of comparison, was one of prevailing low prices and hard times, resulting from the downward revision of the tariff by the Gorman-Wilson bill of 1894.

Exports of Farm Products.

The magnitude and importance of our home market for agricultural products are further emphasized by comparing the total value of farm products, as shown by the last census, with the exports of grains and provisions in 1911. Such exports were as follows:

Exports.

Animals	$ 19,048,653
Corn	35,961,479
Oats	832,718
Wheat	22,040,273
Flour	49,386,946
Hay	1,032,591
Hides and skins	4,802,637
Hops	2,130,972
Beef products	25,235,461
Hog products	104,152,059
Dairy products	3,283,816
Molasses and syrup	2,106,226
Sugar	2,244,379
Clover seed	577,929
Other seeds	1,879,137
Vegetables	5,545,091
Total	$280,278,317
Cotton, raw	$585,318,869
Tobacco	39,255,320
Total	$624,574,189

Excluding cotton and tobacco, how insignificant the export of $280,278,317 of general farm products becomes when compared with the vast quantity consumed at home! Our farm products are admitted into foreign markets upon the same terms as those of other countries, yet our exports have relatively declined during the last ten years. The exports of foodstuffs in crude condition and food animals were valued in 1896 at $128,550,000. They increased to $305,000,000 in 1908, dropped to $184,000,000 in 1902, were $135,000,000 in 1909, and $109,828,000 in 1910. The export of foodstuffs, partly or wholly manufactured, was $219,413,000 in 1896, reached $336,000,000 in 1901 and fell to $259,259,000 in 1910. Two causes have been operating to bring about

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this result: first, the increase which has recently taken place in agricultural productions throughout the world, and especially in continental Europe, the use of agricultural machinery of American inventions having been extended to all civilized countries; second, the prodigious demand at home. The growth of the urban population in all civilized countries, which has been brought about by the great extension of manufacturing, mining and transportation, has created a demand for food products which, compared with the supply, is much greater than ever before. The inhabitants of European countries, as well as of the United States, have been drifting to the cities. Farming, however, has become so profitable in the United States that the pendulum is now swinging the other way. People are returning to the farms. Young men are attending agricultural schools and colleges and fitting themselves for rural pursuits. Farming has become a business, to be conducted according to business principles by scientific methods, and unless a change in our economic system is made or some unforeseen calamity visits the country, the American farmer has before him a most encouraging future.

Causes.

What, then, is the great underlying cause of the unparalleled prosperity of this, our most important industry? Many causes, of course, independent of the tariff, have contributed to this result, but without a protected home market such achievements would have been impossible. In previous chapters of this work we have seen how British agriculture reached a high state of prosperity under a long period of adequate protection, and how it was destroyed by surrendering the home market to foreign competitors. It has been shown how the wealth, strength and prosperity of France have been attained through the development of agriculture under more than one hundred years of protective legislation. It has also been shown how in Germany agriculture was revived under the policy inaugurated by Bismarck, and how under protection agricultural production is being augmented in continental Europe. We have in the United States a vast country, rich soil and a climate favorable to the production of grains, provisions, fruits, vegetables, cotton, tobacco and many other staples. But however industrious and intelligent a farmer may be, without an adequate market for the fruits of his toil there is no incentive for his efforts, and he must remain poor and dependent. In 1824, when Henry Clay was addressing Congress in favor of the adoption of the policy of protection to the farmer, he expressed in a few sentences the great economic principle underlying the whole question. He said:

> The greatest want of civilized society is the market for the exchange and sale of its surplus produce. This market may exist at home or abroad, but it must exist

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somewhere if society prospers. The home market is first in order and paramount in importance. The object of the bill under consideration is to create this home market, and to lay the foundation of a *genuine American policy.*

Home market.

This idea was emphasized by President Jackson in his famous letter to Dr. Coleman of the same year. The policy of building up at home a great market for the products of the American farm has received the approval and been earnestly and vigorously supported by all of the great statesmen of our Republic from Washington to McKinley. The accomplishment of this end has involved the country in an unflagging political struggle. The question has never for a moment been absent from party controversies. The policy then inaugurated has never been entirely surrendered, although at times it has been greatly weakened by adverse legislation. The policy involves two phases: first, the building up and the maintaining of a home market by the establishment of a system of manufactures and a diversification of industries; second, the securing by protective duties on the importation of competing farm products, that market to the cultivators of the soil. The wisdom of every argument made in its favor since the famous Report on Manufactures was presented to Congress by Alexander Hamilton, is now fully vindicated. Vast as the products of our agriculture are, they are nearly all consumed by our own people and find a ready sale in our eagerly fostered and jealously guarded home market. It has been repeatedly asserted by the advocates of free trade that wealth cannot be created by legislation. A home market can, and alone, under existing economic conditions, be created by legislation. This is one of the primary sources of wealth. Underlying the whole question is the effect on the progress and prosperity of a nation, of that system of domestic or home exchanges, or what might be called true or domestic reciprocity: the farmer purchasing from the manufacturer and the manufacturer in turn patronizing the farmer. This makes complete reciprocity. Those engaged in the pursuits of agriculture constitute the most valuable customers for those engaged in manufacturing, trade and commerce, while, on the other hand, the urban population furnishes the best market for the tillers of the soil. In commerce, $1,000,000,000 worth of domestic farm products exchanged for $1,000,000,000 worth of foreign manufactures adds $1,000,000,000 to the spendable income of the United States and $1,000,000,000 to the spendable income of foreign countries, but when $1,000,000,000 worth of the products of American farms is exchanged for $1,000,000,000 worth of the products of American manufacturers, it adds $2,000,000,000 to the spendable income of the American people. Understanding this great fundamental principle, which was first enunciated by Adam Smith in his "Wealth of Nations," we are able to

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understand how domestic trade is worth twice as much as foreign trade and how domestic trade employs twice the amount of labor as foreign trade. While the exchanges in foreign trade promote two industries, one domestic and the other foreign, domestic trade also promotes two industries, both being native. It is from an adherence to this great principle of national economy that the vast trade of the United States springs. It is by understanding this principle that we are enabled to account for the fact that the clearances through our banks in 1910 amounted to $169,000,000,000. It is from this, also, that we are able to comprehend why the people of the United States have become the richest, most prosperous and greatest industrial nation in Christendom. It is by an adherence to this principle that all branches of our industrial life have been developed and expanded together, until we have finally, after a period of fourteen years under the Dingley tariff law, reached an economic era in which our industries are so well balanced that our labor is fully employed and the people are enjoying general prosperity.

Viewed from the broadest standpoint of statesmanship and national economy, every endeavor should be made to sustain and promote the progress and prosperity of our agriculturists. Farming has become under our protective system a most inviting field for the investing of capital and for those who desire to engage in a substantial, enjoyable and profitable occupation. The introduction of the telephone and the extension of rural free delivery and electric railroads have greatly improved the opportunities of the farmer in the enjoyment of the luxuries and comforts of life which hitherto have been unattainable. In the farmer's prosperity and well-being is involved a question far greater than that of dollars and cents. The most vital interests of the nation require that American agriculture should be fostered and cherished beyond all other industries. Separated from the corrupting influences of the city, life on the farm tends to produce a citizenship which makes for the security and stability, not only of our form of government and political institutions, but for that enlightened civilization which we are struggling to attain. Under our system of district schools, graded schools in our villages and high schools in our cities, the American farmer is reaching a state of intelligence and education which fits him for the best type of citizenship. The interest he has manifested in the adoption of scientific methods of cultivating the soil, in the breeding of domestic animals and in the development of better and greater varieties of products, shows that he is keeping abreast of the progress of the times. This is shown further by the patronage given to agricultural schools and colleges, and the greatly increased circulation of agricultural papers, newspapers and magazines in every farming section of the country. Wise statesmanship

Agriculture should be fostered.

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requires that every endeavor should be made to foster this great and important interest. The government has been doing most valuable work in establishing systems of irrigation for reclaiming waste and desert lands, and the Department of Agriculture is expending about $12,000,000 a year in the distribution of seeds, in analyzing soils, in destroying the cotton boll worm and other injurious insects, and in stamping out disease in plants and animals. This work is all in harmony with the protective system. What the country most needs is more instead of fewer farmers, and enlarged instead of diminished production of farm products. Only by the continuation of the progressive development of agriculture by the application of all scientific methods will it become the most enjoyable and most inviting field for the life and industry of our people. This can be accomplished only by preserving and maintaining the home market. It can be accomplished only through the system of protection. It cannot be effected by breaking down the manufactures through the importation of competing commodities. It cannot be brought about by opening our doors to the introduction of farm produce from Canada or from any other part of the world. We must patronize our own labor, our own farmers, and secure to them remunerative returns for their labor and industry.

Notwithstanding the wonderful progress made during the last fourteen years, our agriculture is still in its infancy. Only a small part of our land is under cultivation, and this may be so tilled as to produce many fold its present yield. All that is needed in order to keep abreast of our increasing population is to bring our soil to its highest state of productivity. The progress now being made in this direction is observable in every State. The importance to the American people of an adequate food supply cannot be overestimated. This end cannot be attained by compulsion; it must come from the voluntary acts of individuals. Whatever, then, will incite the individual to the greatest activity and the best intellectual efforts will accomplish the end. Such prices as make farming profitable as a business is the solution of the problem. But to obtain adequate rewards for his efforts by remunerative prices for his produce, the farmer must have a market secure, stable and ample. He has such a market now, which has been fostered, guarded and maintained by the protective system at his own door—"the home market." Destroy the home market and agriculture will decline. Protect it, and it will expand and thrive.

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Foreign Trade in the United States from 1890 to 1910.

Our foreign trade.

The growth of the export and import trade of the United States under the operation of the Dingley law has disproved the contention of those favoring a tariff for revenue only, that we could not acquire a large foreign trade under protection. The advocates of the protective policy claim that the foundation of an extended foreign trade is domestic production, and a fully developed and protected home market; that the vast earnings created by the diversification of industries increase the spendable income of the people and enable them to purchase more of those commodities, the like of which are not produced at home, than they would be able to purchase under low tariff policies, and that at the same time such development stimulates the energies, mental activities, inventive genius and productive powers of a people so that by the use of machinery, the utilization of natural forces and resources, a vast quantity of special and superior articles and native commodities will be produced for the supply of foreign markets. The history of the United States, Germany, Great Britain and all nations furnishes ample proof sustaining this contention. Since the beginning of the development of the diversified industries under the protective system, the foreign commerce of the United States has made its greatest progress during those periods when, under adequate protection, our industries have expanded, and labor has been fully employed. On the other hand, whenever the protective policy has been abandoned, or the duties on imports so reduced that our standard of life and industrial plane have been lowered toward the level of the Old World, our domestic productions have diminished, and although competing imports increased, our foreign commerce as a whole declined. This has been equally true of our export trade. It has been during those periods when, under the stimulating influences of protective tariffs, when our industries have been prosecuted with vigor and strength that we have increased the export of our domestic productions. Full employment of labor; a large spendable income; the ability of a people to purchase and consume, is the true measure of foreign trade as it is of domestic trade. You cannot have a large foreign trade with people who are poor, whose consumptions are meager, any more than you can have a large domestic trade under like conditions. The total imports of the United States have grown from $779,724,674 in 1896 to $1,556,949,430 in 1910, an increase per capita from $10.81 to $16.54. The imports free of duty increased from $369,757,470 in 1896 to $775,311,396 in 1910, and those paying duties from $409,967,204 in 1896 to $801,636,034 in 1910. The same remarkable showing is exhibited by the statistics of our exports of domestic merchandise, which increased

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Imports.

from $836,200,487 in 1896 to $1,710,083,998 in 1910, and our re-exports of foreign commodities increased from $19,406,451 to only $34,900,720 during the same years; hence during this time the total export trade of the United States was $882,606,938 in 1896 and $1,744,984,720 in 1910, an increase per capita from $12.29 in 1896 to $18.28 in 1910. In 1911 our exports of domestic merchandise reached $2,013,549,025, an increase of more than $250,000,000 over 1910.

THE IMPORTS INTO THE UNITED STATES IN 1897 AND 1910 BY GREAT GROUPS.

	1897.	1910.
Foodstuffs in crude condition and food animals	$ 20,291,280	$ 31,095,194
Foodstuffs partly or wholly manufactured	112,162,830	172,175,960
Crude materials for use in manufacture	16,032,085	130,113,669
Manufactures for further use in manufacture	48,924,719	161,843,266
Manufactures ready for consumption	183,417,112	302,729,890
Miscellaneous	1,964,143	3,778,055

Exports.

The foreign trade, however, was larger in the year 1907 than in 1910, that being an exceedingly prosperous year, in both foreign and domestic trade. The principal articles entering into the export and import trade of the United States are shown by the following table compiled from the Bureau of Statistics of the Department of Commerce and Labor for the fiscal year ending June 30, 1911:

EXPORTS.

Articles.	Values.	Articles.	Values.
Domestic Merchandise.		Domestic Merchandise.	
Agricultural implements	$ 35,973,398	Musical instruments	$ 3,471,401
Aluminum and manufactures of	1,330,018	Naval stores	25,022,720
Animals	19,048,653	Nickel, nickel oxide and matte, lbs.	6,004,414
Brass and manufactures of	6,230,092	Oil cake, oil cake meal, lbs.	19,631,127
Breadstuffs: corn, bush.	35,961,479	Oils: animal, galls	788,860
" oats, bush.	832,718	" mineral, crude, galls	5,417,513
" wheat, bush.	22,040,273	" mineral, refined or manufactured	92,698,003
" wheat flour, bbls.	49,386,946	" vegetable	19,805,232
Cars, carriages, and other vehicles and parts of	30,534,936	Paints, figments, and colors.	6,294,746
Chemicals, drugs, dyes, and medicines	23,007,414	Paper, and manufactures of.	19,215,499
Clocks and watches and parts of	3,126,771	Paraffine, paraffine wax, lbs.	7,378,736
Coal: anthracite, tons	15,690,331	Provisions: beef products, lbs	25,325,461
" bituminous, tons	29,323,105	" hog products, lbs.	104,152,059
Copper ore matte and regulus, tons	1,095,296	" dairy products	3,283,816
" manufactures of	103,813,110	Seeds: clover, lbs.	577,929
		" all other	1,897,137
		Soap	4,046,981

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Articles.	Values.
Cotton, unmanufactured, lbs.	$585,318,869
" manufactures of	40,851,918
Earthen, stone and china ware	3,138,188
Fertilizers	10,721,132
Fibres, vegetables, and textile grasses, manufactures of	8,565,990
Fish	7,698,321
Fruits and nuts	24,498,465
Furs and fur skins	10,473,517
Glass and glassware	3,246,391
Glucose or grape sugar	3,395,383
Hay, tons	1,032,591
Hides and skins, lbs	4,802,637
Hops, lbs	2,130,972
India rubber manufactures	12,452,562
Instruments for scientific purposes	12,421,512
Iron and steel, manufactures of	230,725,351
Leather, and manufactures of	55,673,057
Malt liquors	1,075,559
Marble, stone, and manufactures of	1,690,180
Spirits, distilled, proof galls.	$1,885,491
Starch	3,137,552
Molasses, and syrup, galls.	2,106,226
Sugar, lbs	2,244,379
Tobacco, unmanufactured, lbs	39,255,320
" manufactures of	4,383,584
Vegetables	5,545,091
Wood, and manufactures of	92,255,951
Wool, and manufactures of	2,293,473
Total exports, domestic*	2,013,549,025
Exports, foreign merchandise	35,771,174
Total exports, domestic and foreign	2,049,320,199
Specie: gold	22,509,653
" silver	64,749,958
Total exports, domestic and foreign	2,136,579,810

IMPORTS.

Articles.	Values.
Animals	$ 6,850,964
Art works	22,495,842
Bristles	2,970,481
Cement, Portland, hydraulic	324,949
Chemicals, drugs, dyes, and medicines	95,101,006
Clocks and watches, and parts of	3,162,961
Coal, bituminous	4,975,914
Cocoa, crude, and shells of	14,552,879
Coffee	90,567,788
Copper, and manufactures of (not ore)	32,013,562
Cork wood, and manufactures of	6,609,813
Cotton, unmanufactured	24,776,320
" manufactures of	66,996,551
Earthen, stone, and china ware	11,411,665
Feathers, flowers, etc.	9,845,344
Leather, and tanned skins, and manufactures of	$ 14,636,720
Malt liquors	3,396,366
Meats and dairy products	13,890,535
Oils	33,023,687
Paper, and manufactures of	18,626,880
" stock, crude	5,481,680
Rice	2,126,822
Silk, unmanufactured	74,924,004
" manufactures of	31,900,054
Spices	4,946,200
Spirits, distilled	6,076,929
Sugar	96,691,096
Tea	17,613,569
Tin, in bars, blocks, or pigs	37,935,978
Tobacco, unmanufactured	27,855,996
" manufactures of	5,416,466
Toys	7,964,835
Vegetables	9,293,855
Wines	8,531,613
Wood, and manufactures of	52,931,803
Wool, unmanufactured	23,228,005

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Articles.	Values.	Articles.	Values.
Fertilizers	$10,150,142	Lead and manufactures of (contents)	$4,196,760
Fibres, vegetable, unmanufactured	30,752,250	" manufactures of	18,569,791
" vegetable, manufactures of	54,765,999	Total merchandise*	$1,527,226,105
Fruits and nuts	41,515,067		
Furs and manufactures of	23,618,948	Specie: gold	73,607,013
Glass and glassware	6,881,891	" silver	45,937,249
Hair, unmanufactured	4,755,131	Total imports	$1,646,770,367
Hats, bonnets, and materials for	7,518,231		
Hides and skins, other than fur	70,504,980		
India rubber, gutta-percha and substitutes for, unmanufactured	92,910,513		
Iron and steel, and manufactures of	42,507,446		
Jewelry and precious stones	42,507,446		

* Including all articles other than those mentioned.

Imports of Manufactures.

Our imports of fully manufactured articles have reached enormous proportions. They were $183,417,000 in 1897 and $302,729,000 in 1911, foreign valuation. The fact that we absorbed this immense quantity without breaking down our home market is another indication of our vast accumulation of wealth and the great prosperity we are enjoying. An analysis of the imports of manufactures and a discussion of their relation to our protective policy has been discussed in other chapters.

How manufactures stimulate imports.

A large import trade has been built up by our purchases of such food products as we do not produce and of raw or crude materials to be worked up in our factories. Some of the principal articles imported for use in manufactures appear from the following statistics of 1911. A comparison of these figures with those showing the imports of similar products in 1870 indicates the great expansion of our industries.

Imports of Crude Material for Use in Manufactures.

	1870.	1911.
Fibres		
Silk, raw	$ 6,043,102	$ 30,752,250
Hides and skins	3,017,958	74,924,004
Chemicals, drugs and dyes	14,402,339	70,504,980
Wool, raw	20,573,834	95,101,006
Tin in bars, blocks, etc	6,743,350	23,228,005
India rubber, gutta-percha and substitutes for	1,984,238	37,935,978
	.....	92,910,513
Total	$52,764,819	$425,356,826

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The list of articles imported for use in manufacturing might be greatly extended. The point made may be further illustrated by mentioning the vast quantities of food products which are imported for consumption, such as cocoa, coffee, fruits and nuts, tea, vegetables, wines, spices, oils, and malt and spiritous liquors; also articles which are purchased only by our well-to-do people, such as art works, expensive China-ware, feathers and flowers for millinery, furs, jewelry and precious stones, silk, tobacco, superfine cotton and woolen fabrics and a great variety of specialties.

The growth of our import trade arises from two essential causes: the development and extension of our manufactures and the wealth and prosperity of our people, both causes flowing directly from our economic system. So our own experience under protection, as well as that of Germany, and of Great Britain before it adopted free trade, has demonstrated the soundness of the protectionists' assertion, that the magnitude of the import trade of a nation arises from and is due to the wealth and purchasing power of a nation.

Domestic Exports.

Commodities exported.

As shown by the figures quoted above, the exports of our domestic productions have more than doubled since 1896. They are still increasing, for 1911 was our banner year. The United States has now become the largest exporting nation in the globe, passing the United Kingdom last year. An examination of our sales abroad will show that our export trade was of a character which is not only profitable but desirable. The only branch of it which is likely to decline is that of cereals and meat products; but this does not present an alarming condition, because the home demand is constantly increasing.

Our exports of domestic merchandise, divided into the following great groups, in the years 1896 and 1910, were as follows:

	1896.	1910.
Foodstuffs in crude condition and food animals	$128,550,669	$109,828,320
Foodstuffs partly or wholly prepared	219,413,574	259,259,654
Crude materials for use in manufacturing	251,817,571	565,934,957
Manufactures for further use in manufacturing	76,219,728	267,765,916
Manufactures ready for consumption	181,789,157	499,215,329
Miscellaneous	5,409,788	8,079,822
Total	$863,200,487	$1,710,083,998

The greater amount of our sales has been in Europe, in the most civilized and highly developed industrial nations of the world, yet our goods are sold in North America, South America, Asia, Oceania and

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Africa. We are able to sell in foreign markets, not because we are offering cheap goods made by degraded labor, but because we produce superior and special commodities, the production of which springs from the inventive genius of our people and the great natural resources and facilities at hand. Another element of our strength as an exporting nation, and which has in recent years become powerful in promoting our foreign trade, is the intelligent use made of our accumulated capital. Nearly one-half of our exports was made up of $280,278,000 of grains and provisions and $624,574,189 of cotton and tobacco.

Exports of Domestic Manufactures.

Manufactures exported.

The exports forming 80 per cent of the articles classified by the Bureau of Statistics of the United States as domestic manufactures in 1897 and 1910 were as follows:

	1897.	1910.
Iron and steel	$57,497,872	$179,133,186
Copper	31,621,125	88,004,379
Agricultural implements	5,240,686	28,124,033
Of wood	8,592,416	12,580,389
Mineral oils, refined	56,463,185	93,813,131
Chemicals, drugs, dyes, etc.	8,792,545	21,415,935
Leather and manufactures of	19,161,446	52,646,755
Cotton manufactures	21,037,678	33,397,097
Paper and manufactures of	3,333,163	8,994,277

In 1911 the exports of iron and steel manufactures reached $230,725,000; copper manufactures, $103,813,000; agricultural implements, $35,973,000, and cotton goods, $40,851,000. In the same year there were exported automobiles and parts, $15,509,229; parrafin and parrafin wax, $7,378,000; manufactures of tobacco, $4,574,000, and woolen goods, $2,293,473.

The exports of iron and steel were composed largely of machinery of American invention and controlled in great part by patents, as follows:

Exports of Iron Manufactures 1910.

Cash registers	$ 2,920,517	Shoe machines	$ 1,239,789
Electric machinery	6,048,263	Fire engines	52,209
Laundry machinery	831,614	Locomotives	2,404,619
Metal working machinery	5,975,503	Stationary engines	3,098,785
Mining machinery	5,400,420	Traction engines	2,333,803
Printing presses and parts	2,065,299	Wind mills	1,484,813
Pumps and pumping mach'y.	3,110,908	Wood working machinery	1,247,841
Boilers and parts of engines	3,689,081	All other machinery	22,247,535
Typewriting machines	8,098,785		
Sewing machines	7,513,852	Total machinery	$79,899,361

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EXPORTS OF IRON FOR USE IN MANUFACTURE 1910.

Pig iron	$ 1,353,589	Steel plates	$ 6,120,065
Bar iron	648,418	Structural iron	5,800,551
Wire rods	789,193	Wire, barbed	4,322,311
Billets, ingots and blooms of steel	1,192,565	Wire, all other	4,074,655
Hoop, band and scroll iron.	259,924	Hardware and tools	6,561,153
Steel rails	10,546,180	Saws	919,483
Sheets and plates	5,860,526	Tools	6,679,803

The increase of foreign trade for the products of this vast industry speaks well for the great talent and ability of our ironmasters, and also emphasizes the power of capital in contesting for foreign trade.

Cotton fabrics.

The $33,397,097 of cotton fabrics exported in 1910 was composed of $8,521,466 of colored and $11,450,125 of uncolored. While our Eastern mills have advanced in the production of the finer and more delicate grades of fabrics and of a great variety of articles, the importation in 1910 of $9,040,000 of high-class cloths, and of a vast quantity of knit goods, laces, plushes, etc., thread and yarn amounting to a total of $66,473,143, in 1910, shows that the duties are insufficient to enable our domestic manufacturers to hold the entire home market. Moreover, our exports to China and Japan and other Oriental countries are now meeting with an Eastern competition which must ultimately drive us from those markets.

Our natural facilities for the production of leather have, together with adequate protection, enabled us to export leather since a very early date in our history. The $52,646,000 of exports of leather and manufactures of leather were composed of sole leather, $8,307,880, upper leather $29,106,295, and $12,408,575 of boots and shoes and $842,145 of harnesses and saddlery. It has been mentioned in a previous chapter that by the introduction of shoe machinery in Europe every indication points to a diminution of our exports of boots and shoes, and unless adequate protection is given, our home market will be invaded by the product of cheap labor.

The exports of copper above given in 1910, consisted of pigs, ingots, bars, plates and old copper of the value of $83,624,000, and of the manufactures of copper amounting to $4,379,000.

Manufactures of wood exported consisted almost exclusively of boards, deals, planks, joists, scantlings, shingles, boxes, staves, headings, doors, sash and blinds, hogsheads and barrels, trimmings, mouldings and other house furnishings, wooden ware and a small quantity of wood pulp. Included in the above heading is furniture to the amount of $5,572,191.

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Our exports of chemicals is made up of a great variety of articles sold in comparatively small quantities, yet, taken as a whole, they have reached the magnitude indicated by the above table.

While our export trade shows a most satisfactory gain, yet when the class of articles sold abroad is considered, it furnishes no ground for reducing our tariff or abandoning any part of our home market to our rivals.

Balance of Trade.

International trade.

As we have increased our domestic productions imports of competing commodities have declined. We have been doing our own work, yet at the same time our exports have so greatly increased that a very large balance of trade has arisen in our favor.

One of the most satisfactory results of our foreign trade under the Dingley law was the constantly increasing value of our exports to an extent which gave us the largest favorable balance of trade we have ever enjoyed. Under the McKinley law we are reaching a like result. With a favorable balance of trade in 1892 of $202,875,686, it fell off to $75,568,000 in 1895. As soon, however, as protection was restored, our exports greatly exceeded our imports, and in 1908 the balance of trade in our favor reached $640,444,565. Beginning with the close of fiscal years 1897-1898 and closing with June 30, 1910, it has been as follows:

Merchandise Imported and Exported, and the Annual Excess of Exports over Imports.

Year ended June 30.	Exports. Domestic.	Exports. Foreign.	Exports. Total.	Imports.	Total exports and imports.	Excess of exports over imports.
	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
1898 ..	1,210,291,913	21,190,417	1,231,482,330	616,049,654	1,847,531,984	615,432,676
1899 ..	1,203,931,222	23,092,080	1,227,023,302	697,148,489	1,924,171,791	529,874,813
1900 ..	1,370,763,571	23,719,511	1,394,483,082	849,941,184	2,244,424,266	544,541,989
1901 ..	1,460,462,806	27,302,185	1,487,764,991	823,172,165	2,310,937,156	664,592,826
1902 ..	1,355,481,861	26,237,540	1,381,719,401	903,320,948	2,285,040,349	478,398,453
1903 ..	1,392,231,302	27,910,377	1,420,141,679	1,025,719,237	2,445,860,916	394,422,442
1904 ..	1,435,179,017	25,648,254	1,460,827,271	991,087,371	2,451,914,642	469,739,900
1905 ..	1,491,744,641	26,817,025	1,518,561,666	1,117,513,071	2,636,074,737	401,048,595
1906 ..	1,717,953,382	25,911,118	1,743,864,500	1,226,562,446	2,970,426,946	517,302,054
1907 ..	1,853,718,034	27,133,044	1,880,851,078	1,434,421,425	3,315,272,503	446,429,653
1908 ..	1,834,786,357	25,986,989	1,860,773,346	1,194,341,792	3,055,115,138	666,431,554
1909 ..	1,638,355,593	24,655,511	1,663,011,104	1,311,920,224	2,974,931,328	351,090,880
1910 ..	1,710,083,998	34,900,722	1,744,984,720	1,556,947,430	3,301,932,150	188,037,290

Total to June 30, 1910.....$6,267,313,034
June 30, 1911 522,194,094

Total favorable balance trade.....$6,789,407,128

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Taking the whole history of our country into consideration, the net excess of exports over imports from 1789 to March 1, 1897, was only $383,028,497, while during the last fourteen years under protection our sales abroad have exceeded our purchases by $6,789,507,128. This result has been achieved under normal conditions. Neither foreign wars nor famines have aided in creating an abnormal demand for our productions; neither has it arisen from diminished imports, because their increase has been larger than during any former period. The expansion of our export trade has not only been unparalleled in volume, but it has been a profitable trade. We are not capturing foreign markets by the sale of cheap commodities made by degraded and half-paid labor.

How settled.

The balance of trade was universally against us during the low tariff periods and we had not reached such a state of industrial development that it turned in our favor until in the '70's. During our experience under low tariffs the excess of imports over exports amounted to $514,954,931, while the net excess of exports over imports under protective tariffs has been $7,135,989,165.

The importance to the United States of maintaining a favorable balance of trade at once becomes apparent when our situation is compared with that of Great Britain. Great Britain is wholly to be called a creditor nation. It has been estimated by reliable financiers that it has invested in foreign countries $15,000,000,000, while, on the other hand, the United States is a debtor country, with about $6,000,000,000 of foreign capital invested in its various enterprises upon which interest must annually be paid. While England can adjust its unfavorable balance of trade with its income from various foreign investments, the United States must pay interest to foreigners and settle an adverse balance with either commodities or coin.

It is claimed by reliable statisticians that the annual charges against the United States by foreigners are as follows:

Freight on ocean commerce	$200,000,000
Insurance on ocean commerce	75,000,000
Interest on foreign debts	200,000,000
American tourists	150,000,000
Sent back by immigrants	200,000,000
Total	$825,000,000

From the foregoing must be deducted the expenditures of foreigners visiting us, interest on American capital invested abroad, and capital transferred by immigrants. These vast invisible transactions, however, are known to be so greatly in favor of foreign countries that in order to prevent the export of gold to an extent which would weaken the

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stability of our financial institutions and the credit of our government, we must have a large balance of trade in our favor.

Conclusion.

Employment and prosperity.

Why was the country impoverished under the downward revision of the tariff by the Gorman-Wilson law, and why has it become rich under the upward revision of the Dingley law? The answer is simple. A dearth of employment of labor in the one case and an abundant employment of labor in the other.

Of the total products of manufactures in 1909 of $20,672,052,000 there was paid for materials		$12,141,291,000
Amount added by the processes of manufacturing		$ 8,530,761,000
Paid in wages (41 per cent)	$3,427,038,000	
Salaries	938,575,000	
Miscellaneous expenses	1,945,676,000	
Six per cent on $18,428,270,000 capital	1,095,726,200	
Total	$7,407,015,200	7,407,015,200
Balance		$ 1,123,745,800

Hence, the losses, depreciation of plants, improvements, new machinery and betterments must be paid out of the $1,123,745,000.

The foregoing statement of course does not take into account duplications, for the finished product of one industry is often the raw material of another, yet when the combined items are considered they show that our manufacturers have not made exhorbitant profits. Plants must be kept up; machines of the latest invention and efficiency must supersede the old and obsolete ones; moreover, the observance of factory laws and regulations has made necessary great improvements in the equipment of factories for light, heat, ventilation and sanitary conditions, to promote the health and vigor of the employes, all involving the enterprises in increased expense of construction and operation. Of the vast expenditure in producing the total product, 41 per cent of the cost of converting the materials into the finished product goes to the wage earners. In the amount expended for miscellaneous expenses the percentage paid to labor would be larger; also the repairs and machinery represent labor. Of the $12,000,000,000 paid for materials the percentage will be still further increased, for the nearer we approach the raw products the greater is the increase in the ratio of labor cost.

Edward Atkinson, an experienced cotton manufacturer and a recognized authority as a statistician, made calculations showing that in the manufacture of cotton goods "90 per cent is the absolute share of

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laborers who do the work both in respect to materials used and to the finished product." As Abram S. Hewitt, a great ironmaster, said: "It is labor, labor, labor that constitutes every addition to the value of the article." He also said that the labor cost of all iron products was over 90 per cent. Under the direction of Carroll D. Wright the Department of Labor made an investigation which showed that the labor cost of the following materials was as follows:

The laborer's share.

1 ton bituminous coal	93.3 per cent.
1 ton coke	94 per cent.
1 ton iron ore	85 per cent.
1 ton limestone	85 per cent.
1 ton pig iron	97.6 per cent.

When we consider the question from the standpoint of the employment of labor, its importance is manifested in every field of human effort, not only in manufacturing, agriculture, mining and the fisheries, but in every branch of production, so that as our industries increase the greater become the opportunities of labor. We get the same results in the field of transportation and distribution of commodities, and in all trades and occupations, and in every department of our material civilization. How important, then, become the domestic industries as opportunities for the employment of labor at home!

The increased demand for labor arising from the unparalleled growth of industries which has taken place during the last fourteen years under the great economic law of supply and demand has brought about a material advance in the wages of all trades and occupations.

From the report of the Bureau of Labor (Department of Commerce and Labor of the United States) on wages, it appears that between 1890 and 1907 wages increased as follows: full time weekly earnings per employe, 21.4 per cent; their earnings per hour increased 28.5 per cent, the hours constituting a week's work were shortened by 5.7 per cent; and the number of persons employed increased 49.4 per cent. This result was shown from the records of 4034 establishments in the principal manufacturing and mechanical industries of the United States. This gives an average increase in wages in the United States since 1860 of 108 per cent, an achievement which has not been accomplished by any other people.

Wages increased.

A proper understanding, therefore, of the great underlying causes which have brought about and maintained the internal prosperity of the United States since 1897 is of the greatest importance to the American people today. Hard times, briefly stated, are periods of wage famine or of unemployed or half-paid labor, while prosperity and business activity are periods of full employment of labor at remunerative wages. It should be remembered that practically the entire population of the

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country must earn before it can go into the markets to buy, must earn before it can spend, and produce before it can consume. Inability to do this makes the only hard times our country ever knew; ability to do this brings prosperity.

Now it is evidently within the power of every country having a sufficient soil for its food and sufficient forests and mines for its crude materials, to eliminate wage famines and to create an endless chain of prosperity for itself. How? By merely directing upon its own people its entire demand for food, clothing, implements and commodities in so far as they are capable of producing them with their labor and ability.

A wage famine follows a country's refusal to employ its own labor, and a business famine is the only result of thus killing labor's demand on the market. Let a country give value to all its industrial employment by keeping it all as the medium of exchange between the energy of its labor and the products of that labor, and the total demand expressed by the supply of labor will be satisfied by the equivalent product. The country's demand should never be less than its needs of life, and its needs should be supplied by its very demand. Under such a condition, as long as men were men, poverty, degeneracy and retrogression would be impossible, for there never would be a wage famine, and we must constantly bear in mind that wages support the industrial world. The great statesmen of the Republican party under the leadership of President McKinley fully understood, recognized and applied this principle in the restoration of the protective policy embodied in the Dingley law. Briefly and concisely stated, this is merely the system by which the country, seeing a certain aggregate mass of work to be done in order to feed, clothe, shelter, educate and entertain its people, waited not upon "if or and, condition or contingency, beck or call of any fate or destiny," but simply determined to employ the American people to do the work. There is no more reason for the whole country, thus performing its own work, to go without plenty of food, clothing, shelter and the like, than there is for able-bodied men, skilled in all crafts and trades, with abundance of soil, forests and mines at hand, to ever know want as long as they are willing and able to work. But a people must be intelligent and recognize their intricate interdependence upon each other, for under the modern system of division of labor men are at the mercy of the demand of each other for their kind of labor. This demand for labor creating industrial employment, which is the only medium of exchange between a laborer's energy and the products upon which his life depends, is the basis of those exchanges which take place in what is called the domestic market, the place where all the multitudinous wants of the people are pooled for distribution, selection and satisfaction. Full employment of labor is necessary to the country's highest welfare. To diminish it in any way is to put an obstacle in the path of its progress.

Industrial employment the basis of progress.

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TABLE No. 12.

STATISTICS OF MANUFACTURES IN THE UNITED STATES, 1899, 1905 AND 1909.

Industry.	Census.	Number of establishments.	Total Number of persons engaged in industry.	Capital.	Salaries.	Wages.	Cost of Material.	Values of Products.	Per cent of increase.	Average Number of Wage Earners.
				Expressed in Thousands.						
All industries	1909	268,491	7,678,578	$18,428,270	$938,575	$3,427,038	$12,141,791	$20,672,052	21.0	39.7
	1904	216 180	6,213,612	12,675,581	574,439	2,610,445	8,500,208	14,793,903	16.0	27.7
	1899	207,514		8,975,256	380,771	2,008,361	6,575,851	11,406,927		
Agricultural implements	1909	640	60,229	256,281	10,140	28,609	60,307	146,329	6.7	30.6
	1904	648	55,089	196,741	7,573	25,003	48,281	112,007	1.7	10.7
	1899	715		157,708	8,363	22,451	43,945	101,207		
Artificial flowers and feathers and plumes	1909	412	11,583	9,693	1,160	3,974	13,627	23,981	130.6	357.0
	1904	213	4,913	2,568	232	1,397	2,014	5,247	—18.5	—16.6
	1899	224		3,633	291	1,561	2,763	6,293		
Artificial stone	1909	3,439	15,202	16,010	785	5,342	7,043	18,596	297.3	350.7
	1904	477	3,417	3,316	261	1,403	1.430	4,128		
Artists' materials	1909	46	865	1,730	202	307	1,360	2,340	140.1	105.4
	1904	28	372	[illegible]	67	137	687	1,139	37.0	129.2
	1899	21		[illegible]	38	79	249	497		
Automobiles, including bodies and parts	1909	743	85,359	173,8[illegible]	9,479	48,694	131,646	249,202	528.4	729.7
	1904	178	13,333	23,084	1,257	7,159	13,151	30,034	437.7	532.6
	1899	57		5,769	295	1,321	1,804	4,748		
Babbitt metal and solder	1909	109	1,491	7,418	739	561	16,270	19,768	57.6	50.9
	1904	75	882	4,129	265	338	10,864	13,100	6.4	42.5
	1899	51		3,116	172	295	7,998	9,191		
Bags, other than paper	1909	109	8,838	24,625	1,068	2,942	46,364	54,882	39.3	46.7
	1904	79	6,308	12,387	602	1,829	30,758	37,399	45.9	90.3
	1899	73		7,418	379	1,102	16,439	19,652		
Bags, paper	1909	74	3,683	10,780	714	1,306	10.355	15,608	29.9	55.6
	1904	62	2,886	11,441	405	930	6,595	10,087	24.3	48.4

NOTES.—The figures for some industries do not represent the total production, because important establishments that manufacture the same class of products may be included in other industries. The neighborhood industries and hand trades were omitted in 1904 and 1909, and are excluded for 1899 in this table, but are included in tables for preceding years.
A minus sign (—) denotes decrease.

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TABLE NO. 12—*Continued.*

STATISTICS OF MANUFACTURES IN THE UNITED STATES, 1899, 1905 AND 1909.

Industry.	Census.	Number of establishments.	Total Number of persons engaged in industry.	Capital.	Salaries.	Wages.	Cost of Material.	Values of Products.	Per cent of increase.	Average Number of Wage Earners.
Beet sugar	1899	63		6,917	369	628	4,499	6,799		
	1909	58	8,389	129,629	1,769	4,808	27,265	48,122	81.8	97.3
	1904	51	4,726	55,[illegible]3	1,005	2,487	14,487	24,394	101.2	233.1
Belting and hose, leather	1899	30		20,[illegible]4	357	1,092	4,804	7,324		
	1909	139	4,370	17,457	1,502	1,861	15,623	23,692	43.7	66.6
	1904	117	2,800	10,785	787	1,165	9,317	14,220	25.5	33.9
Belting and hose, woven and rubber	1899	104		7,408	485	914	7,500	10,623		
	1909	46	7,304	24,260	1,384	2,956	14,505	24,729	43.9	39.0
	1904	39	5,019	15,909	984	2,057	10,787	17,791	116.8	158.4
Bicycles, motor cycles and parts	1899	25		6,020	380	982	4,528	6,886		
	1909	95	5,017	9,780	582	2,908	5,083	10,699	33.7	107.6
	1904	101	3,761	5,883	351	1,971	2,628	5,153	—81.1	—83.9
Billiard tables and materials	1899	312		29,784	1,753	8,190	16,792	31,916		
	1909	54	1,776	4,705	352	1,001	3,369	5,878	87.8	164.4
	1904	48	964	1,618	151	501	937	2,223	75.7	34.9
Blacking and cleansing and polishing preparations	1899	74		884	105	278	729	1,648		
	1909	501	4,407	7,557	1,780	1,146	6,962	14,679	35.6	69.7
	1904	294	2,786	4,560	774	738	4,383	8,651	1.4	29.2
Boots and shoes, including cut stock and findings	1899	275		3,662	713	634	3,152	6,698		
	1909	1,918	215,923	222,324	18,629	98,463	332,738	512,798	23.7	43.4
	1904	1,895	171,940	136,802	9,412	73,072	225,288	357,688	6.0	23.3
Brass and bronze products	1899	2,253		110,363	8,159	61,924	191,456	290,047		
	1909	1,021	45,441	109,319	5,540	23,677	99,228	149,989	22.5	46.5
	1904	813	36,952	77,438	3,778	17,666	65,653	102,407	22.1	15.5
Bread and other bakery products	1899	695		51,120	2,297	13,599	61,189	88,654		
	1909	23,926	144,322	212,910	13,764	59,351	238,034	396,865	23.3	47.2
	1904	18,226	109,673	122,353	6,273	43,172	155,989	269,583	35.0	53.7
Butter, cheese and condensed milk	1899	14,836		80,902	6,063	27,864	95,052	175,369		
	1909	8,479	31,506	71,284	3,591	11,081	235,546	274,558	18.5	63.2
	1904	8,926	25,865	47,256	1,376	8,413	142,920	168,183	21.7	28.6
	1899	9,242		36,303	912	6,146	108,841	130,783		

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Butter, reworking	1909	24	418	3,543	128	186	7,424	8,200	—27.0	12.8
	1904	35	526	1,710	85	252	6,247	7,271	173.0	243.8
	1899	10		256	30	68	1,345	2,115		
Canning and preserving	1909	3,767	71,972	119,207	7,864	19,082	101,823	157,101	5.3	20.4
	1904	3,168	66,022	79,246	5,231	16,336	83,147	130,466	—0.1	31.3
	1899	2,570		55,481	3,479	13,705	63,668	99,335		
Carpets and rugs, other than rag	1909	139	34,706	75,627	2,209	15,536	39,563	71,188	0.3	15.6
	1904	139	34,393	56,781	1,397	13,724	37,948	61,586	16.9	27.8
	1899	133		44,449	881	11,121	27,229	48,192		
Carriages and sleds, children's	1909	84	5,769	6,883	490	2,217	4,129	8,805	32.4	38.2
	1904	78	4,379	4,336	341	1,783	2,840	6,371	46.8	48.5
	1899	77		2,907	159	1,090	1,996	4,290		
Cars and general shop construction and repairs by steam railroad companies	1909	1,145	301,273	238,317	17,339	181,344	199,413	405,601	19.1	30.9
	1904	1,140	250,199	146,886	11,920	142,153	151,105	309,775	36.4	42.1
	1899	1,292		119,473	6,208	96,007	109,472	218,114		
Cars and general shop construction and repairs by street railroad companies	1909	541	23,699	38,899	1,204	14,486	15,168	31,963	102.8	137.9
	1904	86	11,551	12,906	543	7,013	5,463	13,437	57.3	43.4
	1899	108		10,782	194	4,405	4,337	9,371		
Cars, steam railroad not including operations of railroad companies	1909	110	47,094	139,805	5,138	27,135	78,753	123,730	26.5	11.3
	1904	73	36,367	88,179	2,855	20,248	75,657	111,175	1.8	22.8
	1899	65		88,324	1,538	16,987	61,743	90,510		
Cars, street railroad not including operations of railroad companies	1909	14	4,005	14,168	594	2,177	4,260	7,810	—24.2	—28.0
	1904	14	4,997	12,976	398	2,840	5,341	10,844	31.9	48.4
	1899	20		7,615	235	1,951	3,967	7,305		
Cash registers and calculating machines	1909	50	9,249	27,224	2,736	5,312	3,552	23,708	83.0	140.1
	1904	32	5,012	7,588	1,109	2,442	1,516	9,875	97.3	74.0
	1899	18		5,242	329	1,250	921	5,675		
Cement	1909	135	29,511	187,398	3,653	15,320	29,344	63,205	53.2	111.6
	1904	129	18,887	85[illegible]	1,858	8,814	12,215	29,873		
Chemicals	1909	349	27,791	155,144	6,137	14,085	64,122	117,689	19.7	56.5
	1904	275	22,707	96,621	4,048	10,790	42,063	75,222	4.1	20.1
	1899	433		89,069	2,923	9,393	34,546	62,637		
Chocolate and cocoa products	1909	27	3,404	13,685	970	1,269	15,523	22,390	35.2	55.6
	1904	25	2,396	8,379	463	822	9,723	14,390	59.1	48.9
	1899	24		6,891	371	526	6,877	9,666		
Clocks and watches including cases and materials	1909	120	25,439	57,500	2,181	12,944	11,131	35,197	5.7	18.2
	1904	97	23,891	42,189	1,638	11,892	9,872	29,790	31.6	34.7
	1899	109		31,514	957	8,315	8,819	22,110		
Clothing, men's, including shirts	1909	6 354	271,437	275,320	26,723	106,277	297,515	568,077	38.0	39.7
	1904	5,145	196,366	176,557	15,740	68,459	211,433	406,768	10.2	25.6
	1899	6,419		140,191	12,032	56,391	168,169	323,839		
Clothing, women's	1909	4,558	179,021	129,301	20,418	78,568	208,788	384,752	32.9	55.4
	1904	3,351	131,538	73,948	9,976	51,180	130,720	247,662	38.2	55.4
	1899	2,701		48,432	6,574	32,586	84,705	159,340		

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STATISTICS OF MANUFACTURES IN THE UNITED STATES, 1899, 1905 AND 1909.

Industry.	Census.	Number of establishments.	Total Number of persons engaged in industry.	Capital.	Salaries.	Wages.	Cost of Material.	Values of Products.	Per cent of increase.	Average Number of Wage Earners.
Coffee and spices, roasting and grinding	1909	607	13,516	46,042	6,596	3,676	83,205	110,533	25.7	31.3
	1904	421	9,245	38,735	3,216	2,830	65,847	84,188	—6.7	21.1
	1899	458		28,437	2,951	2,487	55,112	69,527		
Coke	1909	315	31,226	152,[illegible]	2,072	15,454	64,025	95,697	54.2	85.0
	1904	278	20,440	90,713	1,247	9,304	29,885	51,885	11.7	45.4
	1899	241		36,503	797	7,086	19,666	35,585		
Confectionery	1909	1,944	54,854	68,326	9,137	15,615	81,151	134,796	23.2	54.8
	1904	1,348	42,729	43,125	4,840	11,699	48,810	87,087	34.9	43.6
	1899	962		26,319	3,525	8,020	35,354	60,644		
Cooperage and wooden goods, not elsewhere specified	1909	1,693	29,717	50,342	2,047	11,715	36,928	60,248	—5.3	4.0
	1904	1,719	31,133	36,756	1,752	11,843	34,971	57,956	9.6	37.9
	1899	1,798		25,602	963	9,860	23,619	42,025		
Copper, tin and sheet iron products	1909	4,228	86,934	217,532	10,288	39,501	112,582	199,824	38.8	66.6
	1904	2,540	60,713	147,608	6,070	26,269	63,921	119,933	38.4	53.1
	1899	1,985		49,679	2,810	16,924	42,602	78,359		
Cordage and twine, jute and linen goods	1909	164	27,214	76,020	1,863	9,133	40,915	61,020	1.9	—5.6
	1904	145	26,442	56,467	1,597	8,824	46,031	64,664	17.0	31.8
	1899	160		43,153	1,021	6,554	33,064	49,078		
Cordials and syrups	1909	117	1,638	4,804	627	503	5,341	9,662	65.9	175.3
	1904	63	899	1,666	242	235	2,149	3,510	82.3	66.6
	1899	39		1,153	121	117	1,505	2,107		
Corsets	1909	138	19,611	18,033	2,871	6,464	15,640	33,257	60.0	123.8
	1904	109	11,948	9,589	1,010	3,600	6,135	14,862	—10.8	2.8
	1899	138		7,290	966	3,645	6,357	14,451		
Cotton goods, including cotton small wares	1909	1,324	387,771	822,238	14,412	132,859	371,009	628,392	19.9	39.5
	1904	1,[illegible]54	323,287	613,111	10,238	96,206	286,255	450,468	4.3	32.8
	1899	1,055		467,240	7,350	86,690	176,552	339,200		
Cutlery and tools not elsewhere specified	1909	959	37,161	67,380	4,182	17,581	18,279	53,266	26.0	36.5
	1904	838	29,004	43,729	2,333	13,125	13,278	39,022	33.3	38.6
	1899	721		30,152	1,606	9,434	9,748	28,146		
Dairymen's, poulterers' and apiarists' supplies	1909	203	6,431	15,188	1 416	2,671	6,089	15,463	86.8	136.3
	1904	176	3,273	5,030	359	1,167	3,203	6,545		

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Dyeing and finishing textiles	1909	426	47,303	114,093	5,035	21,227	35,261	83,556	23.8	64.3
	1904	360	38,071	88,709	3,407	15,469	19,621	50,850	19.4	13.1
	1899	298		60,643	2,267	12,726	17,958	44,963		
Dyestuffs and extracts	1909	107	3,015	17,935	942	1,291	9,684	15,955	—11.5	46.5
	1904	98	3,150	14,904	609	1,264	6,829	10,893	64.4	48.2
	1899	77		7,839	312	788	4,746	7,351		
Electrical machinery, apparatus and supplies	1909	1,009	105,600	267,844	20,193	49,381	108,566	221,309	44.3	57.2
	1904	784	71,485	174,066	11,091	31,842	66,837	140,809	43.9	52.3
	1899	581		83,660	4,632	20,579	49,458	92,434		
Emery and other abrasive wheels	1909	51	2,446	6,231	657	1,156	2,651	6,711	142.6	225.5
	1904	34	1,000	2,249	217	451	705	2,062	46.7	49.2
	1899	34		1,490	127	303	509	1,382		
Explosives	1909	86	7,058	50,168	1,134	4,304	22,812	40,140	8.2	35.6
	1904	124	7,113	42,307	1,797	3,309	17,204	29,603	28.8	72.9
	1899	97		19,466	914	2,384	10,335	17,125		
Fertilizers	1909	550	21,950	121,537	4,406	7,477	69,522	103,960	29.1	83.9
	1904	399	16,091	68,917	1,934	5,127	39,288	56,541	22.5	26.6
	1899	422		60,686	2 125	4,185	28,958	44,657		
Fire arms and ammunition	1909	66	16,042	39,377	1,920	8,427	17,021	34,112	7.9	20.9
	1904	62	14,400	22,493	1,100	7,755	12,339	28.206	40.4	52.7
	1899	65		13,635	614	5,103	8,742	18,472		
Flourmill and gristmill products	1909	11,691	66,054	349,152	12,517	21,464	767,576	883,584	0.9	23.9
	1904	10,051	59,623	265,117	7,352	19,822	619,971	713,033	21.4	42.2
	1899	9,476		189,281	5,258	16,285	428,117	501,396		
Food preparations	1909	1,213	20,965	64,685	5,865	7,043	83,942	125,331	32.1	104.9
	1904	766	14,739	51,784	2,999	4,398	37,668	61,180	38.0	53.6
	1899	645		21,401	1,495	3,099	24,777	39,837		
Foundry and machine shop products	1909	13,252	615,485	1,514,3[illegible]	93,795	321,521	540,011	1,228,475	19.8	39.5
	1904	10,765	502,185	1,034,135	59,703	246,573	367,412	880,514	4.4	10.9
	1899	11,011		786,975	39,087	218,732	360,534	793,874		
Fur goods	1909	1,241	16,152	29,249	2,553	7,788	31,777	55,938	27.3	50.7
	1904	867	11,787	17,990	1,229	5,123	21,202	37,119	20.8	43.3
	1899	734		12,484	1,006	3,927	14,281	25,899		
Furnishing goods, men's	1909	900	43,935	49,009	5,210	15,093	49,125	87,710	41.6	78.9
	1904	547	30,476	28,044	2,158	8,760	26,565	49,032	—10.3	10.6
	1899	457		20,576	2,188	9,730	23,670	44,346		
Furniture, including refrigerators	1909	3,155	144,140	227,134	15,561	65,618	108,775	239,880	12.5	34.9
	1904	2,593	125,093	158,986	9,524	51,788	76,892	177,951	28.9	36.1
	1899	1,909		109,267	6,692	36,920	57,496	130,634		
Gas and electric fixtures and lamps and reflectors	1909	619	22,906	36,835	4,340	10,393	20,407	45,057	5.9	69.6
	1904	405	14,653	28,002	2,198	6,408	11,678	25,560	1.2	34.0
	1899	377		15,855	1,492	5,188	7,962	19,821		

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Gurukul Kangri Vishwavidyalaya

TABLE No. 12—*Continued.*

STATISTICS OF MANUFACTURES IN THE UNITED STATES, 1899, 1905 AND 1909.

Industry.	Census.	Number of establishments.	Total Number of persons engaged in industry.	Capital.	Salaries.	Wages.	Cost of Material.	Values of Products.	Per cent of increase.	Average Number of Wage Earners.
Glass	1909	363	72,573	129 288	4,994	39,300	32,119	92,095	7.7	15.7
	1904	399	67,105	89,389	3,940	37,288	26,146	79,608	21.1	40.8
	1899	355		61,424	2,792	27,085	16,731	56,540		
Gloves and mittens, leather	1909	377	12,950	16[illegible]9	1,256	4,764	13,208	23,631	6.7	33.2
	1904	339	11 712	10,706	585	3,840	10,001	17,740	—25.8	4.8
	1899	394		9,090	547	4,183	9,483	16,926		
Hairwork	1909	250	4,383	4,716	434	1,610	6,081	11,216	309.5	529.4
	1904	125	1,137	1,132	98	335	728	1,782	5.2	26.7
	1899	158		760	33	287	496	1,406		
Hats, fur felt	1909	273	27,091	35,734	2,097	14,223	22,109	47 865	13.7	30.7
	1904	216	23,666	23,258	1,488	11,282	15,975	36,629	16.8	31.7
	1899	171		16,701	944	9,119	13,514	27,811		
Hats, straw	1909	98	9,704	11,538	1,427	4,471	11,468	21,424	58.3	106.9
	1904	68	6,084	6,036	487	2,434	5,510	10,357		
Hosiery and knit goods	1909	1,374	136,130	163,641	7,691	44,740	110,241	200,143	24.2	46.0
	1904	1,144	109,489	106,943	4,455	31,615	76,789	137,076	24.4	43.0
	1899	1,006		82,066	3,138	24,434	51,195	95,834		
Instruments, professional and scientific	1909	263	6,175	11,724	1,233	2,925	2,918	10,504	40.2	95.3
	1904	225	4,145	5,383	532	1,823	1,350	5,378	23.9	10.8
	1899	261		4,476	402	1,429	1,363	4,853		
Iron and steel, blast furnaces	1909	208	43,061	487,581	6,525	24,607	320,638	391,429	9.6	68.8
	1904	190	37,335	236,146	2,891	18,935	178,942	231,823	—10.6	12.1
	1899	223		143,159	2,304	18,484	131,504	206,757		
Iron and steel, steel works and rolling mills	1909	446	260,762	1,004,735	26,191	163,201	657,501	985,723	15.7	46.3
	1904	415	221,956	700,182	17,860	122,492	441,204	673,965	13.3	12.9
	1899	445		430,232	9,433	102,336	390,895	597,212		
Iron and steel, bolts, nuts, washers and rivets, not made in steel works or rolling mills	1909	108	12,395	30,250	1,373	5,793	12,804	24,485	40.2	66.7
	1904	88	8,771	18,913	912	3,642	7,807	14,687	5.6	5.1
	1899	72		10,800	571	2,992	8,071	13,978		
Iron and steel forgings	1909	172	9,193	27,755	1,300	5,003	10,240	20,293	44.2	67.6
	1904	138	6,347	28,246	824	3,428	5,752	12,110	20.8	16.0

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Iron and steel pipe, wrought	1899	90		9,676	411	2,559	5,213	10,438		
	1909	28	7,309	22,266	657	3,963	22,242	30,886	25.9	77.5
	1904	27	5,723	13,053	369	2,473	12,747	17,401	—2.2	—18.3
Jewelry	1899	19		18,344	266	2,496	15,524	21,292		
	1909	1,537	36,992	63,811	5,838	18,358	36,675	80,350	37.4	51.0
	1904	1,023	26,119	39,679	2,939	12,593	24,177	53,226	7.9	15.4
Leather goods	1899	851		27,872	1,842	10,644	22,235	46,129		
	1909	2,375	43,525	69,814	6,701	17,921	60,027	104,719	2.1	27.5
	1904	1,918	40,598	50,919	4,148	15,707	44,435	82,121	16.8	35.9
Leather, tanned, curried and finished	1899	1,568		33,895	2,829	11,892	33,195	60,414		
	1909	919	67,100	332,727	6,744	32,103	248,279	327,874	8.8	29.8
	1904	1,040	61,602	242,584	4,452	27,049	191,179	252,621	9.8	23.8
Liquors, distilled	1899	1,306		173,977	3,159	22,591	155,000	204,038		
	1909	613	8,328	72,450	1,988	3,074	35,977	204,699	20.1	55.9
	1904	805	7,229	50,101	1,393	2,657	25,626	105,644	17.1	35.6
Liquors, malt	1899	965		32,540	890	1,733	15,145	81,649		
	1909	1,414	66,725	671,158	22,804	41,206	96,596	374,730	13.4	25.6
	1904	1,530	58,068	515,630	17,316	34,541	74,907	298,346	20.0	61.0
Liquors, vinous	1899	1,507		413,767	13,038	25,776	51,598	236,915		
	1909	290	2,726	27,908	863	972	6,626	13,121	0.1	18.2
	1904	435	2,801	17,775	573	1,002	5,693	11,098	64.5	69.5
Lumber and timber products	1899	359		9,838	365	446	3,689	6,547		
	1909	40,671	784,989	1,176,675	47,428	318,739	508,118	1,156,129	30.5	30.7
	1904	25,153	593,342	733,708	31,737	245,834	360,325	884,267	4.7	16.2
Marble and stone work	1899	28,133		541,595	18,715	188,395	364,064	760,992		
	1909	4,964	77,275	114,842	6,386	42,546	37,397	113,093	28.4	33.3
	1904	2,608	57,866	79,170	4,000	31,899	26,569	84,844	22.6	33.3
Matches	1899	2,952		52,362	2,440	22,843	21,546	63,667		
	1909	26	4,220	11,953	723	1,390	4,599	11,353	14.0	101.0
	1904	23	3,368	5,334	178	1,101	3,285	5,647	55.6	16.0
Millinery and lace goods	1899	32		3,893	87	613	3,421	6,006		
	1909	1,579	46,301	35,705	5,381	16,308	45,040	85,894	42.5	69.2
	1904	860	31,417	17,850	2,296	10,307	26,259	50,778	63.0	72.3
Musical instruments, pianos and organs and materials	1899	591		10,765	1,393	5,818	15,654	29,469		
	1909	507	41,882	103,234	5,552	22,762	43,765	89,790	14.9	35.9
	1904	444	26,106	68,482	3,728	18,527	27,987	66,093	55.2	61.1
Oil, cotton seed and cake	1899	390		43,810	2,015	11,543	17,371	41,024		
	1909	817	21,273	91,086	4,295	5,835	119,833	147,868	9.9	53.4
	1904	715	18,832	73,770	3,062	4,838	80,030	96,408	41.2	64.2
Oilcloth and linoleum	1899	369		34,451	1,579	3,143	45,166	58,727		
	1909	31	5,557	19,634	649	2,826	15,550	23,339	33.9	57.8
	1904	27	4,112	13,803	361	1,944	10,050	14,792	20.2	29.7
	1899	27		8,879	295	1,628	7,550	11,403		

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TABLE No. 12—*Continued.*

STATISTICS OF MANUFACTURES IN THE UNITED STATES, 1899, 1905 AND 1909.

Industry.	Census.	Number of establishments.	Total Number of persons engaged in industry.	Capital.	Salaries.	Wages.	Cost of Material.	Values of Products.	Per cent of increase.	Average Number of Wage Earners.
Optical goods	1909	217	7,809	10,147	1,157	3,394	4,187	11,735	47.8	91.8
	1904	122	4,742	5,381	427	1,923	2,320	6,117	16.6	17.4
	1899	91		4,312	287	1,599	2,101	5,211		
Paint and varnish	1909	791	21,896	103,995	10,378	8,271	79,016	124,889	22.4	37.5
	1904	639	16,480	75,486	5,677	6,264	59,827	90,840	20.0	30.6
	1899	600		60,053	5,017	4,926	44,739	69,562		
Paper and wood pulp	1909	777	81,473	409,348	9,510	40,805	165,442	267,657	15.2	41.8
	1904	761	70,051	277,444	6,097	32,019	111,252	188,715	32.9	48.2
	1899	763		167,508	4,501	20,746	70,530	127,326		
Paper goods, not elsewhere specified	1909	403	22,385	48,662	3,701	8,169	31,249	55,171	30.5	62.5
	1904	308	16,696	27,345	1,993	5,577	19,645	33,946	51.4	39.4
	1899	246		18,152	1,342	3,658	14,191	24,355		
Pencils, lead	1909	11	4,513	7,867	697	1,712	3,596	7,379	34.9	66.7
	1904	8	3,351	4,981	396	1,059	1,804	4,426	41.8	99.2
	1899	7		2,227	112	683	1,031	2,222		
Pens, fountain, stylographic and gold	1909	65	1,820	3,121	554	712	2,246	4,739	31.3	70.8
	1904	49	1,196	1,545	198	533	1,166	2,774	34.1	62.6
	1899	45		1,087	148	371	664	1,706		
Petroleum, refining	1909	147	16,640	181,916	3,929	9,830	199,273	236,998	—16.9	35.4
	1904	98	18,768	136,281	2,724	9,989	139,387	175,005	37.4	41.2
	1899	67		95,328	1,811	6,717	102,859	123,929		
Phonographs and graphophones	1909	18	5,928	14,363	945	2,841	3,099	11,726	53.0	14.5
	1904	14	3,940	8,741	666	1,684	4,161	10,237	168.1	335.7
	1899	11		3,348	179	608	828	2,246		
Photo-engraving	1909	313	7,277	5,474	1,849	4,750	2,134	11,624	37.8	59.9
	1904	223	5,071	4,071	934	2,916	1,303	7,268	44.0	21.7
	1899	203		1,994	450	1,750	725	4,190		
Photographic apparatus and materials	1909	103	6,596	18,918	1,462	3,037	6,708	22,561	36.3	73.2
	1904	130	5,041	7,720	1,109	1,796	4,162	13,023	10.7	67.0
	1899	153		5,518	453	1,443	3,378	7,799		

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Pottery, terra-cotta and fire-clay products	1909	822	61,022	141,350	5,813	29.753	21,911	76,119	7.1	18.6
	1904	873	56,730	110,926	4,628	25,178	16,591	64,201	19.9	45.0
	1899	1,000		65,952	3,012	17,692	11,915	44,263		
Printing and publishing	1909	31,445	388,466	588,346	103,458	164,628	201,775	737,876	18.0	33.6
	1904	27,793	316,047	432,854	67,748	127,196	142,514	552,473	12.2	39.8
	1899	23,814		333,003	39,475	99,816	103,654	395,187		
Rice, cleaning and polishing	1909	71	1,777	13,347	613	564	19,501	22,371	—17.0	37.2
	1904	74	1,961	8,821	549	641	13,315	16,297	129.2	86.8
	1899	80		2,601	182	266	7,576	1,148		
Rubber goods, not elsewhere specified	1909	227	31,284	98,507	5,406	14,120	82,192	128,436	25.2	103.7
	1904	224	23,651	46,298	2,857	9,412	38,912	62,996	3.8	19.7
	1899	261		39,302	2,216	8,082	33,482	52,622		
Sand and emery paper and cloth	1909	10	779	4,400	210	370	2,382	4,358	100.3	195.1
	1904	8	356	1,206	78	183	1,055	1,477	11.3	25.6
	1899	9		1,372	98	144	681	1,176		
Saws	1909	96	5,757	14,855	966	2,856	4,912	11,536	3.9	17.5
	1904	83	5,301	11,288	623	2,707	4,036	9,820	44.6	52.4
	1899	96		8,509	329	1,693	2,600	6,444		
Sewing machines, cases and attachments	1909	47	20,556	33,104	1,423	11,102	11,455	28,262	12.7	8.1
	1904	54	18,064	32,583	1,152	9,493	10,701	26,142	28.1	23.7
	1899	64		20,804	933	7,331	9,458	21,125		
Shipbuilding, including boat building	1909	1,353	44,949	126,118	4,035	25,268	31,214	73,360	—20.2	—11.4
	1904	1,097	54,424	121,624	3,340	29,241	37,463	82,769	8.6	11.1
	1899	1,107		77,341	2,007	24,825	33,475	74,532		
Shoddy	1909	88	2,320	6,887	290	907	5,001	7,446	—2.3	—11.4
	1904	97	2,371	5,804	245	835	6,056	8,406	8.5	24.9
	1899	105		5 273	167	749	4,875	6,731		
Silk and silk goods, including throwsters	1909	852	105,238	152[illegible]8	7,527	38,570	107,767	196,912	24.4	47.7
	1904	624	84,153	109,557	4,742	26,768	75,861	133,288	21.7	24.3
	1899	483		81,082	3 134	20,982	62,407	107,256		
Silverware and platedware	1909	185	18,774	46,759	2,745	10,282	18,332	42,229	11.8	28.6
	1904	158	16,305	37,732	1,730	8,625	14,459	32,840	21.8	25.6
	1899	169		30,628	1,457	6,531	11,659	26,114		
Slaughtering and meat packing	1909	1,641	108,716	383,249	20,054	51,645	1,201,828	1,370,568	19.0	48.6
	1904	1,221	88,819	240,419	13,453	41,067	811,426	922,038	8.9	17.0
	1899	1,080		190,209	10,211	33,846	685,310	788,368		
Smelting and refining, copper	1909	38	16,832	111,443	2,419	13,396	333,532	378,806	22.6	57.3
	1904	40	13,562	76,825	1,527	10.827	196,737	240,780	12.6	45.8
	1899	47		53,063	955	8,529	122,174	165,132		
Smelting and refining, zinc	1909	29	7,156	27,760	993	4,210	25,230	34,206	1.9	38.0
	1904	31	6,884	23,702	581	3,856	17,028	24,791	34.1	36.3
	1899	31		14,142	440	2.356	13,286	18,188		

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TABLE No. 12—*Continued.*

STATISTICS OF MANUFACTURES IN THE UNITED STATES, 1899, 1905 AND 1909.

Industry.	Census.	Number of establishments.	Total Number of persons engaged in industry.	Capital.	Salaries.	Wages.	Cost of Material.	Values of Products.	Per cent of increase.	Average Number of Wage Earners.
Soap	1909	420	18,393	71,951	5,506	6,227	72,179	111,358	17.7	63.1
	1904	436	14,501	54,816	3,503	4,763	43,626	68,275	16.4	28.3
	1899	558		38,768	2,777	3,755	33,143	53,231		
Stationery goods, not elsewhere specified	1909	153	7,938	13,508	1,897	2,736	7,744	16,647	44.5	87.7
	1904	143	5,095	6,929	751	1,500	3,920	8,867	41.7	75.0
	1899	113		4,495	412	958	2,128	5,066		
Stoves and furnaces, including gas and oil stoves	1909	576	42,921	86,944	6,975	22,944	29,338	78,853	11.2	26.9
	1904	494	37,292	62,953	4,499	19,770	22,271	62,133	1,251.8	1,256.6
	1899	35		3,766	231	1,138	2,502	4,580		
Sugar and molasses, not including beet sugar	1909	233	15,658	153,167	2,392	7,484	247,583	279,249	—0.1	0.7
	1904	344	15,799	165,468	2,154	7,576	244,753	277,285	—4.1	15.6
	1899	657		184,033	1,682	6,918	221,385	239,711		
Surgical appliances and artificial limbs	1909	324	5,805	11,045	1 488	2,129	5,372	12,399	34.5	70.6
	1904	284	4,049	5,825	594	1,376	2,866	7,269	76.3	55.3
	1899	306		2,778	414	767	1,418	4,682		
Tinplate and terneplate	1909	31	5,846	10,995	620	3,315	41,889	47,970	10.4	36.0
	1904	36	5,132	10,813	310	2,383	31.376	35,283	32.0	10.6
	1899	57		6,650	291	1,890	26,728	31,892		
Tobacco manufactures	1909	15,822	107,637	245,660	16,779	69,355	177,186	416.695	4.6	25.8
	1904	16,827	187,652	323,982	8,800	62,639	126,086	331,111	20.3	25.6
	1899	14,959		111,517	8,593	47,975	92,867	263,713		
Toys and games	1909	226	6,072	6,541	661	2,227	3,554	8,264	22.5	48.2
	1904	161	4,792	4,831	366	1,615	2,289	5,578	30.6	39.1
	1899	169		3,279	184	1,119	1,665	4,010		
Typewriters and supplies	1909	89	12,101	26,309	2,707	6,221	4,077	19,719	53.7	85.3
	1904	66	7,509	16,642	1,246	3,409	1,870	10,640	43.6	53.5
	1899	47		8,400	480	2,404	1,402	6,932		
Umbrellas and canes	1909	256	6,505	9,556	915	2,253	10,056	15,864	1.6	19.3
	1904	204	6,155	8,951	474	1,826	8,250	13,296	—4.5	—2.7
	1899	202		4,605	504	1,869	8,381	13,669		

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Window shades and fixtures	1909	219	4,770	10,334	807	1,918	12,653	18,571	49.8	107.9
	1904	144	3,165	5,977	480	1,086	5,947	8,931	45.7	10.6
	1899	96		5,184	323	752	5,575	8,072		
Wire	1909	56	19,945	60,157	2,199	10,316	60,543	84,486	281.8	122.8
	1904	25	5,325	14,899	793	2,859	30,063	37,914	195.5	302.4
	1899	29		4,242	136	860	7,014	9,421		
Wirework, including wire rope and cable	1909	611	14,994	34,970	2,674	6,331	24,394	41,938	—7.7	26.9
	1904	649	15,967	26,894	2,117	6,100	17,856	33,038	46.3	66.5
	1899	596		16,345	940	3,894	10,813	19,840		
Wood preserving	1909	53	2,875	12,408	517	1,066	9,328	14,099	226.1	318.6
	1904	26	859	2,935	158	315	2,463	3,368	54.2	40.6
	1899	21		1,230	57	205	1,825	2,396		
Wool scouring	1909	28	1,262	3,258	143	558	2,122	3,289	46.6	212.3
	1904	27	852	1,188	78	398	215	1,053	8.2	18.3
	1899	25		1,061	72	339	194	890		
Woolen, worsted felt goods and wool hats	1909	985	175,176	430,579	10,097	72,427	282,878	435,979	15.0	36.5
	1904	1,074	152,306	314,081	6,781	57,073	204,613	319,348	12.3	28.4
	1899	1,281		265,730	5,574	46,812	153,930	248,798		

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CHAPTER VIII.

OUR IRON INDUSTRY AND THE PROTECTIVE POLICY.

By James M. Swank, General Manager of the American Iron and Steel Association.[1]

That portion of the price of a ton of *imported* iron which stands for the wages of labor, represents *coarse food, mean raiment, and worse lodging, political nullity, enforced ignorance, serfdom in a single occupation, with a prospect of eventual relief from the parish.*

That portion of the price of a ton of American iron which stands for the wages of labor *represents fresh and wholesome food, good raiment, the homestead, unlimited freedom of a movement and change of occupation, intelligent support of all the machinery of municipal, state and national government, with a prospect of comfortable old age, at last dividing its substance with blessings among prosperous children.*

Thus it is easy to see why imported iron may be cheap and American iron dear; for the latter, in addition to its other burdens, pays an extraordinary tax to freedom and enlightenment, which are assuredly deserving of protection.—Daniel J. Morrell, Esq., letter to the secretary of the American Iron and Steel Association (1865).

It is said, sir, that Pennsylvania seeks to obtain a monopoly of the American iron market. Why, then, does she ask you to so legislate that capital shall find its advantage, and the laborer become rich, in working the unmeasured iron and coal-beds of her near neighbors, Maryland, Virginia, West Virginia, Kentucky, and Tennessee? England can no longer supply herself with charcoal pig-iron. She has not the fuel. Her forests have yielded to the demand for pasturage and sheep walks. She is in this respect dependent on foreign countries, and buys such pig metal as raw material where she can get it best and cheapest, from Sweden, Norway, Russia, or Nova Scotia, all of which are in the same isothermal zone, in which are found underlying forests which yield an average of fifty cords per acre, the inexhaustible beds of better than Swedish ore of the Marquette region of Michigan and Wisconsin. And, gentlemen of the Northwest, I ask you whether patriotic Pennsylvania manifests a disposition to tax you for her advantage when she challenges your competition and implores you to help her to outdo England without fighting and enrich yourself by setting unemployed laborers at work with the growth of your own lands? The Bessemer or pneumatic converter is coming

[1] Mr. Swank was secretary of the American Iron and Steel Association from 1873 to 1885. In the latter year he was elected vice-president and general manager of the association, a position he has since held. His service in the association therefore covers virtually forty years. In that time he has edited all the statistical and other publications of the association, including its Bulletin, and he has, in addition, written and published the following books: Iron Making and Coal Mining in Pennsylvania (1878); History of the Manufacture of Iron in All Ages (1st edition, 1884), (2nd edition, 1892); Notes and Comments on Industrial, Economic, Political, and Historical Subjects (1897); Progressive Pennsylvania (1908). He has written and compiled about one hundred tariff tracts.

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largely into use, and the exigencies of the war and the incidental protection it has given our industry have created manufactories of American steel; and in each of these facts you have a guarantee of steady increase in the demand for your unrivaled product, and of the profits of the railroad companies, which will carry away your commodities and return with people to build the cities your expanding iron and steel works must create.

In view of these gratifying facts, can it be possible that the people of the Northwest are anxious for an early renewal of the "*tripartite* alliance formed by the Western farmer, the Southern planter, and the English manufacturer," so exultantly referred to in "Cotton is King," by which the furnaces producing all this metal shall be closed and their proprietors and the laborers they employ reduced to bankruptcy, as those of Ohio and Pennsylvania have so often been by British free trade?—WILLIAM D. KELLEY, speech, January 31, 1866.

The protective policy has so built up our iron and steel industries that they are now easily the first in magnitude of all the country's manufacturing industries, and they also lead the world's iron and steel industries. Most of this progress has been accomplished in the last forty years. It was not until 1864 that this country made over one million tons of pig iron in one year, and not until 1872 that it made over two million tons. In 1890 for the first time our production of pig iron exceeded that of Great Britain, our production in that year amounting to over nine million tons. In each of the years 1906, 1907 and 1909 our production exceeded twenty-five million tons, and in 1910 it was exactly 27,303,567 tons, exceeding the world's production of pig iron in 1890, just twenty-one years ago.

RAW MATERIALS IN THE MANUFACTURE OF PIG IRON.

Use of mineral coal.

Pig iron is a raw material in the manufacture of iron and steel, but entering into its own production are other raw materials which are worthy of notice—fuel, iron ore and limestone.

So little pig iron is now made, or has been made for many years, with charcoal as fuel that it is not necessary to consider in this connection any other than mineral fuel—anthracite and bituminous coal and the coke that is made from bituminous coal. A large part of the coal that is produced in this country is used in the manufacture of pig iron and its finished products, either in its raw state or as coke. In the census year 1870 our total production of coal was 29,342,580 gross tons, of which 15,356,620 tons were bituminous and 13,985,960 tons were anthracite. In 1909 our total production of coal was 411,431,621 gross tons, of which 72,374,249 tons were Pennsylvania anthracite and 339,057,372 tons were bituminous.

More than one-half the coke that we have made has been used in the production of pig iron, as has also much of the anthracite and raw

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bituminous coal. In the census year 1880 our production of coke was 3,338,300 net tons and in 1910 it was 41,708,810 tons. Mention of our coke industry always suggests the Connellsville coke region, which is confined to two counties in southwestern Pennsylvania, Westmoreland and Fayette. It is the most productive coke district in the world. Only the demand for coke suitable for the manufacture of pig iron could have developed the Connellsville coke region as it has been developed. In 1880 the shipments of Connellsville coke amounted to 2,205,946 net tons; in 1900 they amounted to 10,166,234 tons; and in 1906, the year of largest shipments, to 19,999,326 tons.

Without the great demand that has existed for the use of coal and coke in the production of pig iron and finished iron and steel our coal resources, upon which nearly all the industries of the country rest, including the railroads, could not have been developed as they have been.

Prior to 1870 the statistics of the production of iron ore in the United States are incomplete. In the census year 1870 the whole country produced 3,031,891 gross tons of iron ore, and in the census year 1880 it produced 7,120,362 tons. In the calendar year 1900 the total production amounted to 27,553,161 tons. In 1910 it amounted to 56,889,734 tons. Marvelous as has been the increase in the total production of iron ore from 1870 to 1910 the development of the Lake Superior iron ore region in that time has been still more remarkable. In 1854 the total shipments of iron ore from this region aggregated only 3,000 gross tons; in 1870 they amounted to 830,940 tons; in 1880 to 1,908,745 tons; in 1890 to 9,012,379 tons; in 1900 to 19,059,393 tons; and in 1910 to 43,442,397 tons. Of the shipments in 1910 there were shipped in lake vessels 42,628,758 tons. The shipments of Lake Superior iron ore have formed one of the great factors in the development of our transportation industry on the great lakes.

Production of iron ore.

Limestone, which is of general occurrence in all our ironmaking States, when used in the blast furnace is simply a flux to separate the dross or undesirable elements from the iron in the ore. An average of about half a ton of limestone is used in the production of every ton of pig iron that is made.

Production of Pig Iron.

The production of pig iron in the United States in the past hundred years is shown in the following table. This table has been compiled from the records of the American Iron and Steel Association, census reports, and other authoritative sources.

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Years.	Gross tons.	Years.	Gross tons.	Years.	Gross tons.	Years.	Gross tons.
1810..	53,908	1857..	712,640	1875..	2,023,733	1893..	7,124,502
1820..	20,000	1858..	629,548	1876..	1,868,961	1894..	6,657,388
1828..	130,000	1859..	750,560	1877..	2,066,594	1895..	9,446,308
1829..	142,000	1860..	821,223	1878..	2,301,215	1896..	8,623,127
1830..	165,000	1861..	653,164	1879..	2,741,853	1897..	9,652,680
1831..	191,000	1862..	703,270	1880..	3,835,191	1898..	11,773,934
1832..	200,000	1863..	846,075	1881..	4,144,254	1899..	13,620,703
1840..	286,903	1864..	1,014,282	1882..	4,623,323	1900..	13,789,242
1842..	215,000	1865..	831,770	1883..	4,595,510	1901..	15,878,354
1846..	765,000	1866..	1,205,663	1884..	4,097,868	1902..	17,821,307
1847..	800,000	1867..	1,305,023	1885..	4,044,526	1903..	18,009,252
1848..	800,000	1868..	1,431,250	1886..	5,683,329	1904..	16,497,033
1849..	650,000	1869..	1,711,287	1887..	6,417,148	1905..	22,992,380
1850..	563,755	1870..	1,665,179	1888..	6,489,738	1906..	25,307,191
1852..	500,000	1871..	1,706,793	1889..	7,603,642	1907..	25,781,361
1854..	657,337	1872..	2,548,713	1890..	9,202,703	1908..	15,936,018
1855..	700,159	1873..	2,560,963	1891..	8,279,870	1909..	25,795,471
1856..	788,515	1874..	2,401,262	1892..	9,157,000	1910..	27,303,567

Imports of Pig Iron from 1818 to 1870.

The following table has been compiled from the reports of the Secretary of the Treasury and the Bureau of Statistics of the Treasury Department and verified by the Hon. O. P. Austin.

Fiscal Years.	Gross tons.	Fiscal Years.	Gross tons.	Fiscal Years.	Gross tons.
1818.....	104	1836.....	8,541	1854.....	160,484
1819.....	405	1837.....	14,129	1855.....	98,925
1820.....	.....	1838.....	12,191	1856.....	59,012
1821.....	918	1839.....	12,508	1857.....	51,794
1822.....	1,181	1840.....	5,516	1858.....	41,986
1823.....	2,480	1841.....	12,268	1859.....	72,517
1824.....	793	1842.....	18,694	1860.....	71,498
1825.....	815	1843.....	3,873	1861.....	74,026
1826.....	1,705	1844.....	14,944	1862.....	22,247
1827.....	1,756	1845.....	27,510	1863.....	31,007
1828.....	3,497	1846.....	24,188	1864.....	102,223
1829.....	1,139	1847.....	27,851	1865.....	50,652
1830.....	1,125	1848.....	51,632	1866.....	102,392
1831.....	6,948	1849.....	105,632	1867.....	112,042
1832.....	10,151	1850.....	74,874	1868.....	112,133
1833.....	9,330	1851.....	67,252	1869.....	136,975
1834.....	11,113	1852.....	91,874	1870.....	153,283
1835.....	12,296	1853.....	114,228	.....	.....

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Imports of Pig Iron Since 1871.

The following table gives the imports of pig iron, including spiegeleisen, ferro-manganese and ferro-silicon, into the United States in the calendar years from 1871 to 1910, in gross tons. It is proper to add that in the period covered by the table our steel industry has required large quantities of the alloys named. Nevertheless, in years which can be easily pointed out we have imported large quantities of Bessemer and foundry pig iron.

Years.	Gross tons.	Years.	Gross tons.	Years.	Gross tons.
1871.....	219,228	1885.....	146,740	1899.....	40,393
1872.....	264,256	1886.....	361,768	1900.....	52,565
1873.....	138,132	1887.....	467,522	1901.....	62,930
1874.....	54,612	1888.....	197,237	1902.....	619,354
1875.....	74,939	1889.....	148,759	1903.....	599,574
1876.....	74,171	1890.....	134,955	1904.....	79,500
1877.....	59,697	1891.....	67,179	1905.....	212,466
1878.....	66,504	1892.....	70,125	1906.....	379,828
1879.....	304,171	1893.....	54,394	1907.....	489,475
1880.....	700,864	1894.....	15,582	1908.....	92,202
1881.....	465,031	1895.....	53,232	1909.....	176,442
1882.....	540,159	1896.....	56,272	1910.....	237,233
1883.....	322,648	1897.....	19,212	.....	.....
1884.....	184,269	1898.....	25,152	.....	.....

The Duty on Pig Iron.

Early tariff laws.

The duty on pig iron has been as follows since the foundation of the government: The act of July 4, 1789, fixed the duty at 7½ per cent ad valorem, which rate was gradually increased by various acts to 17½ per cent. In 1812, at the beginning of our second war with Great Britain, this rate was doubled to 35 per cent. From 1816 to 1828 the duty was 50 cents per cwt.; from 1828 to 1832 it was 62½ cents per cwt.; and in 1832 it was again made 50 cents per cwt. This rate was frequently reduced during the nine years from 1833 to 1842 by the general provision in Mr. Clay's compromise tariff of 1833, which stipulated that "from and after the 31st of December, 1833, in all cases where duties are imposed on foreign imports by the act of 14th July, 1832, or by any other act which shall exceed twenty per cent on the value thereof, one-tenth part of such excess shall be deducted; from and after the 31st day of December, 1835, 1837, and 1839, respectively, a further deduction of one-tenth of such excess shall be made; and from and

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after the 31st of December, 1841, a further reduction of one-half of the remainder of such excess; and from and after the 31st of December, 1842, the residue of such excess shall be deducted." "Value" in the foregoing provision means the foreign value. *Act of 1842.*

The protective tariff of 1842 made the duty on pig iron $9 per ton. The Walker revenue tariff of 1846 fixed the duty at 30 per cent, which rate was reduced in the Guthrie tariff of 1857 to 24 per cent. The Morrill tariff of March 2, 1861, made the duty $6 per ton, which rate was increased during the civil war to $9. The Schenck tariff of 1870 reduced the duty to $7 per ton, which was further reduced 10 per cent under a general provision of the Dawes bill of 1872 to $6.30. This 10 per cent reduction was restored in 1875. In 1883 the duty was made three-tenths of one cent per pound, or $6.72 per ton. The McKinley tariff of 1890 continued the duty of 1883, but the Wilson tariff of 1894 reduced the duty to $4. This duty was continued in the Dingley tariff of 1897, but the Payne tariff of 1909 reduced it to $2.50 per ton, which is the existing rate.

Comments on the Tables.

The slow progress of our pig iron industry, the foundation of all our iron and steel industries, in the early decades of the last century is very noticeable, and it is due to a variety of causes, which need not here be discussed but may be mentioned. These causes are: (1) The slow progress of the country, due in part to lack of capital, in those arts and sciences which call for large quantities of iron and steel; (2) the habit which had been formed in colonial days of depending upon the mother country for hardware, cutlery and other iron and steel supplies; (3) the active and often dishonorable efforts of the mother country to retain control of our markets for her manufactured products; (4) and, finally, the lack in some years of a protective duty on pig iron. To illustrate the last cause: In 1843, one year after the enactment of the protective tariff of 1842, we imported only 3873 tons of pig iron, and in 1849, three years after the enactment of the revenue tariff of 1846, we imported 105,632 tons and made less pig iron than in 1846. The tariff of 1842 stimulated production and the tariff of 1846 stimulated imports. After our civil war, from 1866 to the Jay Cooke panic of 1873, when our pig iron needs were not to be compared with what they are to-day, the annual imports of pig iron exceeded 100,000 tons, and in the last five years of this period the average annual imports exceeded 180,000 tons, in 1872 rising to 247,528 tons. The comparatively light imports of pig iron since 1872, except in boom years, are due in part to the sufficiency of the duty on pig iron. We did not have a sufficiently high duty on *Imports of pig iron in 1873.*

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pig iron when we needed it most. In recent years the decreased cost of production, due to well-known causes, has made possible, of course, without serious injury, a lower duty than was at one time necessary. There has never been any serious complaint by consumers of the prices of domestic pig iron.

Production of Iron Rails.

Our iron rail industry was not built up until many years of the severest foreign competition had tried the patience and the financial resources of our manufacturers. In 1849 the Hon. Abram S. Hewitt wrote that, of fifteen rail mills in the country, only two were then in operation, "doing partial work for the limited orders of neighboring railroads," and that when these were executed "not a single rail mill will be at work in the land." The civil war and increased duties on iron and steel products gave our iron rail industry a fresh start, but a few years before 1870 the introduction of the Bessemer process for producing steel created a demand for Bessemer steel rails as a substitute for iron rails, and in a few years the manufacture of iron rails in this country was virtually a thing of the past. In 1909 not one ton of iron rails was made in the United States.

Bessemer process.

The production of iron rails in the United States has been as follows in gross tons in the sixty-two years from 1849 to 1910:

Years.	Gross tons.	Years.	Gross tons.	Years.	Gross tons.
1849.....	21,712	1870.....	523,214	1891.....	8,240
1850.....	39,360	1871.....	658,467	1892.....	10,437
1851.....	45,181	1872.....	808,866	1893.....	6,090
1852.....	55,784	1873.....	679,520	1894.....	4,674
1853.....	78,450	1874.....	521,848	1895.....	5,810
1854.....	96,443	1875.....	447,901	1896.....	4,347
1855.....	123,816	1876.....	417,114	1897.....	2,872
1856.....	160,730	1877.....	296,911	1898.....	3,319
1857.....	144,570	1878.....	288,295	1899.....	1,592
1858.....	146,171	1879.....	375,143	1900.....	695
1859.....	174,513	1880.....	440,859	1901.....	1,730
1860.....	183,070	1881.....	436,233	1902.....	6,512
1861.....	169,480	1882.....	203,459	1903.....	667
1862.....	190,993	1883.....	57,994	1904.....	871
1863.....	246,221	1884.....	22,821	1905.....	318
1864.....	299,436	1885.....	13,228	1906.....	15
1865.....	318,118	1886.....	21,142	1907.....	925
1866.....	384,623	1887.....	20,591	1908.....	71
1867.....	410,319	1888.....	12,725	1909.....	none
1868.....	445,972	1889.....	9,159	1910.....	230
1869.....	521,372	1890.....	13,882	.....	.....

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Prices of Iron Rails.

The following table gives the average prices of iron rails in Pennsylvania from 1847 to 1882. In 1882 the manufacture in this country of iron rails of standard sections virtually came to an end, although a few iron rails have since been made.

Years.	Price.	Years.	Price.	Years.	Price.	Years.	Price.
1847.....	$69.00	1856.....	$64.38	1865.....	$98.63	1874.....	$58.75
1848.....	62.25	1857.....	64.25	1866.....	86.75	1875.....	47.75
1849.....	53.88	1858.....	50.00	1867.....	83.13	1876.....	41.25
1850.....	47.88	1859.....	49.38	1868.....	78.88	1877.....	35.25
1851.....	45.63	1860.....	48.00	1869.....	77.25	1878.....	33.75
1852.....	48.38	1861.....	42.38	1870.....	72.25	1879.....	41.25
1853.....	77.25	1862.....	41.75	1871.....	70.38	1880.....	49.25
1854.....	80.13	1863.....	76.88	1872.....	85.13	1881.....	47.13
1855.....	62.88	1864.....	126.00	1873.....	76.67	1882.....	45.50

The Duty on Iron Rails.

We did not begin to build railroads in this country for passenger and general traffic until near the end of the third decade of the last century. In 1830 there were only 23 miles of railroad in the whole country. As an inducement to men of means and enterprise to build railroads iron rails were at first made free of duty if proof were furnished that the imported rails had actually been laid down or would be. *Act of 1842.* In 1842, when the tariff bill of that year was under discussion, Senator Berrien, of Georgia, supported an amendment to the bill which would extend "the existing provisions of law in regard to the admission of railroad iron duty free for a further period of two years," claiming that "the railroads in the southern portion of the country were commenced on the pledge of laws that iron used in their construction was to be imported free of duty." He asked the Senate to sustain this pledge. The amendment was properly defeated, but the duty of 20 per cent which was imposed, while offering some encouragement to the building of iron rail mills, was not sufficiently protective. In the next few years several mills of this character were built. It was not until 1844 that the first T rail was made in this country. Up to this time we had made only flat rails, but early in the preceding decade we had commenced to import T rails and rails in other forms.

The Walker tariff of 1846 fixed the duty on iron rails at 30 per cent,

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as a purely revenue measure, and this rate continued in force until 1857, when the Guthrie tariff reduced it to 24 per cent. In 1861 the first really protective duty of $12 per ton on iron rails was imposed, which rate was afterwards increased to 60 cents per 100 pounds and again to 70 cents. The latter rate continued in force until 1890, when the duty on both iron and steel rails was fixed at six-tenths of one cent per pound —$13.44 per ton. In the Wilson bill of 1894 the rate on both iron and steel rails was fixed at seven-twentieths of one cent per pound—$7.84 per ton. The Dingley tariff of 1897 retained this duty, but the Payne tariff of 1909 cut it in two.

Tariffs Compared.

Imports of Railroad Iron from 1840 to 1863.

The following table is compiled from statements by the Secretary of the Treasury and the Bureau of Statistics of the Treasury Department. The table ends with 1863, when we began to import steel rails, but we imported iron rails after that year.

Fiscal years.	Gross tons.	Fiscal years.	Gross tons.	Fiscal years.	Gross tons.
1840.....	29,092	1848.....	29,489	1856.....	155,495
1841.....	23,253	1849.....	61,753	1857.....	179,305
1842.....	24,970	1850.....	142,037	1858.....	75,745
1843.....	9,655	1851.....	188,626	1859.....	69,966
1844.....	15,577	1852.....	245,625	1860.....	122,175
1845.....	21,812	1853.....	298,995	1861.....	74,490
1846.....	5,897	1854.....	282,867	1862.....	8,611
1847.....	13,537	1855.....	127,516	1863.....	17,088

In the fifteen years from 1846 to 1861 we built many thousand miles of railroad, requiring over a million tons of iron rails. But there was a low duty on iron rails as on pig iron, and so we made fewer rails and far less pig iron than we should have made and imported more than should have been imported.

Production and Prices of Bessemer Steel Rails.

Before we began to make our own steel rails, dating from 1867, English rail makers charged us more than three times as much per ton for the steel rails we bought from them as our own rail makers have since charged for millions of tons. These millions of tons of domestic rails have been sold at much lower prices than were previously charged us for imported iron rails.

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Years.	Gross tons.	Price.	Duty.
1867	2,277	$166.00	45 per cent ad valorem to January 1, 1871.
1868	6,451	158.46	
1869	8,616	132.19	
1870	30,357	106.79	
1871	34,152	102.52	$28 per ton from January 1, 1871, to August 1, 1872; $25.20 from August 1, 1872, to March 3, 1875; $28 from March 3, 1875, to July 1, 1883.
1872	83,991	111.94	
1873	115,192	120.58	
1874	129,414	94.28	
1875	259,699	68.75	
1876	368,269	59.25	
1877	385,865	45.58	
1878	491,427	42.21	
1879	610,682	48.21	
1880	852,196	67.52	
1881	1,187,770	61.08	
1882	1,284,067	48.50	
1883	1,148,709	37.75	$17 per ton from July 1, 1883, to October 6, 1890.
1884	996,983	30.75	
1885	959,471	28.52	
1886	1,574,703	34.52	
1887	2,101,904	37.08	
1888	1,386,277	29.83	
1889	1,510,057	29.25	
1890	1,867,837	31.78	$13.44 per ton from October 6, 1890, to August 28, 1894.
1891	1,293,053	29.92	
1892	1,537,588	30.00	
1893	1,129,400	28.12	
1894	1,016,013	24.00	$7.84 per ton from August 28, 1894, to August 6, 1909.
1895	1,299,628	24.33	
1896	1,116,958	28.00	
1897	1,644,520	18.75	
1898	1,976,702	17.62	
1899	2,270,585	28.12	
1900	2,383,654	32.29	
1901	2,870,816	27.33	
1902	2,935,392	28.00	
1903	2,946,756	28.00	
1904	2,137,957	28.00	
1905	3,192,347	28.00	
1906	3,791,459	28.00	
1907	3,380,025	28.00	
1908	1,349,153	28.00	
1909	1,767,171	28.00	$3.92 per ton from August 6, 1909.
1910	1,884,442	28.00	

Bessemer steel rails.

The above table gives the annual production in gross tons of Bessemer steel rails in the United States from 1867 to 1910, together with their average annual price at the works in Pennsylvania and the

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rates of duty imposed at various periods. Prices are in currency. The gold premium ended on January 1, 1879.

It will be seen from a study of the table that protective duties on steel rails, beginning with 1871, have given to our country one of the greatest of all its industries. Prior to 1871 the ad valorem duty of 45 per cent failed to encourage the manufacture of Bessemer steel rails, foreigners reducing their prices, so that, with the ad valorem duty, we could not compete with them in our markets. But in the tariff of 1870 a specific duty of $28 per ton was imposed, to take effect on January 1, 1871, and thereafter the manufacture of steel rails rapidly increased. The reader will observe the pyramid of production in the second column and the inverted pyramid of prices in the third column. Prices fell steadily after a protective duty was imposed. As production increased and prices fell the manufacturers could afford to accept lower and still lower duties. They did not *add* the duty to the price or establish a monopoly, as free traders tell us is the effect if not the direct purpose of all protective duties.

Duties on steel rails.

In recent years open-hearth steel rails have been largely used in the United States, but the prices have corresponded closely with those charged for Bessemer rails. The duty on all steel rails has been the same as on Bessemer rails since the latter were first manufactured. The following table shows the growth of the open-hearth steel rail industry in this country in recent years, and also our total production of rails in the same years.

Years—Gross tons.	Bessemer rails.	Open-hearth rails.	Iron rails.	Total production.
1906	3,791,459	186,413	15	3,977,887
1907	3,380,025	252,704	925	3,633,654
1908	1,349,153	571,791	71	1,921,015
1909	1,767,171	1,256,674	...	3,023,845
1910	1,884,442	1,751,359	230	3,636,031

In an argument presented to the Ways and Means Committee of the House of Representatives, at Washington, on February 3, 1880, Mr. H. V. Poor gave the price of steel rails in British ports in 1863 as 369 shillings per ton, or $89.79. Ten years later, in 1873, the price of steel rails in British ports was 350 shillings per ton, or $85.15. Ten years later, in 1883, the average price in this country of steel rails of domestic manufacture was $37.75 per ton, and since that year millions of tons of steel rails have been made and sold in this country at less than $28 per ton, which price exactly corresponds with the amount of

Prices.

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the duty on steel rails that was imposed in the Schenck tariff of 1870, a duty which firmly established our steel rail industry.

Our steel rail industry and our tinplate industry, the latter to be referred to in the following pages, present in themselves a complete answer to all the sophistical arguments of American free traders.

Development of Our Tinplate Industry.

The following table gives the production of both tinplates and terne plates in the United States from the beginning of the industry in 1891 to the end of 1910. From July 1, 1891, to June 30, 1897, the statistics were collected by Colonel Ira Ayer for the Treasury Department. From July 1, 1897, the statistics have been compiled from reliable sources of information, but chiefly from the records of the American Iron and Steel Association.

Tinplate statistics

Years—Pounds.	Tinplates.	Terne plates.	Total pounds.
1891 (second 6 months)	368,400	1,868,343	2,236,743
1892 (calendar year)	13,921,296	28,197,896	42,119,192
1893	64,536,209	59,070,498	123,606,707
1894	102,223,407	64,120,002	166,343,409
1895	165,927,907	88,683,488	254,611,395
1896	270,151,785	89,058,013	359,209,798
1897 (first six months)	203,028,258	49,545,643	252,573,901
1897 (second 6 months)	.....	.....	322,205,619
1898 (calendar year)	.....	.....	732,289,600
1899	.....	.....	808,360,000
1900 (census year ending May 31)	707,718,239	141,285,783	849,004,022
1901 (calendar year)	.....	.....	894,411,840
1902	.....	.....	806,400,000
1903	.....	.....	1,075,200,000
1904 (census year ending Dec. 31)	867,526,985	158,857,866	1,026,384,851
1905 (calendar year	.....	.....	1,105,440,000
1906	1,100,373,000	193,367,000	1,293,740,000
1907	996,650,000	156,447,000	1,153,097,000
1908	1,048,896,000	154,179,000	1,203,075,000
1909	1,179,858,000	190,930,000	1,370,788,000
1910	1,450,821,000	168,184,000	1,619,005,000

In the following table we have reduced to gross tons the figures in the last column of the above table which give the total production of tinplates and terne plates from 1891 to 1910.

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Years.	Gross tons.	Years.	Gross tons.
1891 (last six months)....	999	1901	399,291
1892	18,803	1902	360,000
1893	55,182	1903	480,000
1894	74,260	1904 (cen. yr. end. Dec. 31)	458,208
1895	113,666	1905	493,500
1896	160,362	1906	577,562
1897	256,598	1907	514,775
1898	326,915	1908	537,087
1899	360,875	1909	611,959
1900 (cen. yr. end. May 31)	379,020	1910	722,770

Tinplate.

The tinplate industry of the United States furnishes a conspicuous example of the beneficial effects of protective duties. Tinplates, by which phrase we include terne plates, were first made for commercial purposes from domestic black plates in this country at Pittsburg in 1872, but their production soon ceased owing to the severity of foreign competition. The tariff act of 1883 fixed the duty on tinplates at one cent a pound, which was purely a revenue duty, as all previous duties on tinplates had been. But the duty of one cent a pound did not build a single tinplate mill in this country. The McKinley tariff of 1890 increased this duty to two and two-tenths cents a pound, but not to take effect until July 1, 1891. This protective duty at once gave to this country an aggressive tinplate industry, although it was not until a few years after the duty took effect that domestic tinplates and terne plates were produced in sufficient quantities to supply the home demand. On October 1, 1894, the McKinley duty was reduced by the Wilson tariff to one and two-tenths cents per pound, but the industry was now fairly started and could not be stamped out by the reduction in the duty, which it was generally believed would be short-lived. In July, 1897, the duty was increased in the Dingley tariff to one and one-half cents per pound, and under this duty and the present duty of one and two-tenths cents per pound our tinplate industry has greatly prospered, despite the predictions of all free traders.

Prices of Foreign Tinplates.

The duty of two and two-tenths cents per pound in the tariff of 1890 having established our tinplate industry on a permanent basis, as is shown by the statistics of production, the effect of this and subsequent protective duties on the prices of tinplates to consumers may next be considered. We submit herewith a series of tables which we have compiled from authentic sources, giving the prices at which tinplates of both

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domestic and foreign manufacture have been sold before and after the tinplate industry was established in this country. The prices we shall give do not relate to terne plates.

We give first the prices prevailing abroad before our tinplate industry obtained a foothold. The following table presents the highest and lowest yearly prices of I. C. coke tinplates, per box of about 108 pounds, at Liverpool, from 1863 to 1892, as reported by W. Fallows & Co., of Liverpool, iron and steel merchants of long experience and of established reputation:

Foreign prices.

Years.	Lowest price.			Highest price.			Years.	Lowest price.			Highest price.		
	£	s.	d.	£	s.	d.		£	s.	d.	£	s.	d.
1863.....	1	02	03	1	05	06	1878.....	0	13	00	0	16	09
1864.....	1	04	00	1	06	00	1879.....	0	14	06	1	03	00
1865.....	1	02	00	1	05	06	1880.....	0	14	06	1	10	00
1866.....	1	04	06	1	06	06	1881.....	0	14	06	0	17	09
1867.....	1	01	06	1	04	06	1882.....	0	15	00	0	18	00
1868.....	1	01	06	1	04	00	1883.....	0	15	06	0	16	03
1869.....	1	03	06	1	04	00	1884.....	0	14	00	0	15	06
1870.....	1	03	00	1	04	06	1885.....	0	12	06	0	15	00
1871.....	1	04	06	1	08	06	1886.....	0	12	03	0	14	00
1872.....	1	08	06	2	02	00	1887.....	0	12	09	0	15	00
1873.....	1	10	00	1	17	00	1888.....	0	13	03	0	15	06
1874.....	1	09	00	1	12	06	1889.....	0	12	09	0	15	09
1875.....	1	01	00	1	11	00	1890.....	0	13	06	0	18	00
1876.....	0	19	06	1	01	00	1891.....	0	12	06	0	17	06
1877.....	0	17	00	0	18	09	1892.....	0	12	00	0	12	09

A study of the above table shows that the price of tinplates at Liverpool from 1863 to 1892 was often above $5 per box of 108 pounds, occasionally above $6 and $7 per box, and once, in 1872, the price rose to $10. Sometimes, through trade wars, prices fell to $4 and even to $3. But for ten years at a time the price was above $5. These prices, it must be remembered, were in Liverpool, to which, if the tinplates were exported to this country, would be added freight and duty and other charges.

The following table gives the prices actually paid at New York and St. Louis by consumers of foreign tinplates from 1878 to 1891. The prices are per box of 108 pounds, and are for an average grade of Melyn charcoal tinplates and an average grade of Grafton or J. B. coke tinplates.

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New York prices.

Years.	Prices at New York.		Prices at St. Louis.		Years.	Prices at New York.		Prices at St. Louis.	
	Charcoal.	Coke.	Charcoal.	Coke.		Charcoal.	Coke.	Charcoal.	Coke.
1878....	....	....	$6.87½	$6.12½	1885....	$5.35	$4.40	$6.25	$5.25
1879....	$7.25	$6.25	8.25	7.37½	1886....	5.25	4.30	6.15	5.25
1880....	8.00	6.75	9.00	8.12½	1887....	5.50	4.60	6.25	5.40
1881....	6.40	5.45	7.25	6.50	1888....	5.45	4.55	6.25	5.50
1882....	6.20	5.30	7.00	6.25	1889....	5.45	4.55	6.40	5.60
1883....	6.00	5.10	6.75	6.00	1890....	6.05	5.15	6.80	5.85
1884....	5.65	4.70	6.50	5.50	1891....	6.20	5.30	7.00	6.00

The above prices are for foreign tinplates supplied to consumers in this country. It will be noticed that in no year from 1878 to 1901 did the price of coke tinplates at New York fall below $4.30 per box, and that the price was for several years above $5 and in two years above $6 per box.

The following table was prepared by the N. and G. Taylor Company, importers, of Philadelphia, in April, 1892. It is contained in the Minority Report of the Ways and Means Committee to the House of Representatives on April 25, 1892. It gives the prices of foreign tinplates at Philadelphia from 1869 to 1891:

Years.	Melyn grade tinplates.		Coke tinplates.		Years.	Melyn grade tinplates.		Coke tinplates.	
	Highest.	Lowest.	Highest.	Lowest.		Highest.	Lowest.	Highest.	Lowest.
1869.....	$9.00	$8.25	$7.25	$7.00	1881.....	$6.62	$6.00	$5.75	$4.87
1870.....	9.00	8.25	7.75	7.00	1882.....	6.50	6.25	5.50	4.87
1871.....	9.37	8.25	8.37	7.12	1883.....	6.37	6.25	5.12	4.87
1872.....	13.75	9.50	12.50	8.25	1884.....	6.00	5.75	4.87	4.50
1873.....	12.50	9.75	10.50	9.50	1885.....	5.75	5.50	4.75	4.25
1874.....	11.00	9.62	8.75	7.50	1886.....	5.75	5.37	4.50	4.25
1875.....	10.00	7.50	7.87	6.25	1887.....	6.12	5.50	4.75	4.25
1876.....	7.62	7.00	6.62	5.87	1888.....	6.12	5.37	4.75	4.37
1877.....	6.87	6.12	6.00	5.37	1889.....	6.37	5.50	5.12	4.37
1878.....	6.12	5.87	5.37	4.62	1890.....	6.50	6.12	5.75	4.50
1879.....	8.37	5.87	7.50	4.87	1891.....	7.00	6.50	5.87	5.12
1880.....	10.00	6.00	8.62	4.87	.....	....	....	....	....

For a few years after the enactment of the McKinley tariff of 1890, the tinplate provision taking effect in 1891, the prices of foreign tinplates in our markets were maintained at about $5 per box, usually above $5, but when it became apparent to the foreign manufacturers

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that our tinplate industry had come to stay, their price was reduced in 1895 a full dollar per box, falling below $4. The following table gives the average yearly prices of imported coke Bessemer tinplates, I. C., 14 x 20, per box of 108 pounds, at New York, freight and duty paid, from 1890 to 1898:

Years.	Price.	Years.	Price.	Years.	Price.
1890.....	$4.80	1893.....	$5.37	1896.....	$3.80
1891.....	5.34	1894.....	4.89	1897.....	3.90
1892.....	5.30	1895.....	3.87	1898.....	4.00

Prices of Domestic Tinplates.

Now we come to the prices of domestic tinplates. Did our tinplate manufacturers increase the cost of tinplates to consumers after a protective duty was imposed? On the contrary, they greatly reduced the cost, while assuring to consumers a more uniformly excellent quality of tinplates than when these consumers were dependent upon foreign manufacturers. This they have done for twenty years. Unfortunately only fragmentary quotations of domestic tinplates in the early years of their manufacture are available, but the following details will show that, in comparison with the New York prices of foreign tinplates above given, our manufacturers sold their tinplates at remarkably low prices. New industries are always operated at a greater cost at the beginning than is required after they have been in operation a few years. From 1890 to 1895 the prices charged for domestic tinplates and terne plates were approximately the same as those which prevailed for the foreign product, the domestic manufacturer meeting the prices charged by his foreign competitor.

From a leading New York commission house we learn that the price actually paid at New York for Bessemer coke tinplates of domestic manufacture on October 24, 1892, was $5.20 per box of 108 pounds and $4.97 per box of 100 pounds. The black plates were manufactured in the West and the tinning was done in the East. In May, 1893, the price was $5.15 per box of 108 pounds and $4.95 per box of 100 pounds, and in October, 1893, it was $5 per box of 108 pounds and $4.77 per box of 100 pounds. In November, 1893, the price at Pennsylvania mills was $4.75 per box of 100 pounds. On December 7, 1893, it was $4.95 per box of 108 pounds and $4.80 per box of 100 pounds. In December of the same year it was $4.85 per box of 108 pounds. On January 28, 1895, it was $3.60 per box of 108 pounds and $3.45 per box of 100

McKinley law.

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pounds. To these prices 15 cents for freight to New York would be added.

William U. Follansbee, the secretary and treasurer of the Follansbee Brothers Company, of Pittsburg, advises us that in each of the last six months of 1892 the price of Bessemer coke tinplates was $5.50 per box of 100 pounds, f. o. b. at mill near Pittsburg, and that the price for the same grade of tinplates in 1893 was $5.50 per box in March, $5.20 per box in June, and $4.90 per box in September, and that in December, 1894, it was $3.70 per box. Beginning early in 1895 a sufficient number of American mills were in operation to make a definite market for coke tinplates. From February to October of that year these tinplates were obtainable at $3.47½ per box of 100 pounds, f. o. b. at mill near Pittsburg, with a still lower price of $3.35 per box in December, 1895.

Price of Bessemer tinplates.

According to The Iron Age, the average wholesale price of American Bessemer tinplates, I. C., 14 by 20, per box of 108 pounds, at New York, in 1896, was $3.63; in 1897 it was $3.26; and in 1898 it was $2.99. These prices are averaged from weekly quotations. The following table, compiled from quotations in The Iron Age, gives the average yearly prices of domestic tinplates, I. C., 14 by 20, per box of 100 pounds, at tinplate mills in Pennsylvania, from 1899 to the end of 1910.

Years.	Price.	Years.	Price.	Years.	Price.
1899.....	$4.06	1903.....	$3.74	1907.....	$3.90
1900.....	4.47	1904.....	3.41	1908.....	3.70
1901.....	4.00	1905.....	3.50	1909.....	3.50
1902.....	3.93	1906.....	3.69	1910.....	3.60

Imports of Tinplates for 40 Years.

The value of the tinplate industry to our country is, of course, to be seen in the statistics we have given of production and prices, and in the wages that have been paid to the men and women to whom it has given employment, but it is also found in a study of the vast sums of money we annually sent abroad for tinplates before our tinplate industry was established. The following table gives the quantities and foreign values of our imports of tinplates and terne plates in the forty years since 1871:

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Years.	Gross tons.	Values.	Years.	Gross tons.	Values.
1871.....	82,969	$9,946,373	1891.....	327,882	$25,900,305
1872.....	85,629	13,893,450	1892.....	268,472	17,102,487
1873.....	97,177	14,240,868	1893.....	253,155	15,559,423
1874.....	79,778	13,057,658	1894.....	215,068	12,053,167
1875.....	91,054	12,098,885	1895.....	219,545	11,482,380
1876.....	89,946	9,416,816	1896.....	119,171	6,140,161
1877.....	112,479	10,679,028	1897.....	83,851	4,366,828
1878.....	107,864	9,069,967	1898.....	66,775	3,311,658
1879.....	154,250	13,227,659	1899.....	58,915	3,738,567
1880.....	158,049	16,478,110	1900.....	60,386	4,617,813
1881.....	183,005	14,886,907	1901.....	77,395	5,294,789
1882.....	213,987	17,975,161	1902.....	60,115	4,023,421
1883.....	221,233	18,156,773	1903.....	47,360	2,999,252
1884.....	216,181	16,858,650	1904.....	70,652	4,354,761
1885.....	228,596	15,991,152	1905.....	65,740	4,090,523
1886.....	257,822	17,504,976	1906.....	56,983	3,883,225
1887.....	283,836	18,699,145	1907.....	57,773	4,462,522
1888.....	298,238	19,762,961	1908.....	58,490	3,651,576
1889.....	331,311	21,726,707	1909.....	62,593	3,782,952
1890.....	329,435	23,670,158	1910.....	66,640	4,502,862

Drawbacks.

Since 1896 such tinplates as have been imported have been chiefly by the oil and canning interests for re-exportation that the benefit of the drawback provision of 99 per cent of the duty might be obtained. Some terne plates are still imported.

An examination of the tables of prices we have given will show that so long as foreigners enjoyed the monopoly of supplying our markets with tinplates they charged us, as a rule, high prices for all the tinplates we bought from them, and that, since the passage of the tariff of 1890, tinplates have been, as a rule, much cheaper in our markets than they had previously been, thus illustrating again the truth that a protective duty if maintained long enough not only gives employment to our own people and keeps our money at home, but also has the effect of permanently reducing the prices of the protected product to consumers.

Prices of Steel Rails in Free Trade England.

The following table, for which we are indebted to Mr. J. S. Jeans, the late secretary of the British Iron Trade Association, gives the average annual prices of steel rails at Middlesbrough, England, per gross ton, from 1895 to 1905, in American currency, with which we compare the average prices of steel rails in the United States for the same years. We have reduced the English prices to American equivalents.

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England.	Average price.	United States.	Average price.
1895	$21.89	1895	$24.33
1896	21.69	1896	28.00
1897	23.35	1897	18.75
1898	23.49	1898	17.62
1899	26.80	1899	28.12
1900	36.01	1900	32.29
1901	29.45	1901	27.33
1902	27.37	1902	28.00
1903	27.97	1903	28.00
1904	22.48	1904	28.00
1905	26.05	1905	28.00
Average for 11 years..	$26.05	Average for 11 years....	$26.22

Prices of steel rails.

Since 1905 the prices of American steel rails have remained at $28 for standard sections. The prices of English steel rails since 1905 have ranged above the average for the eleven years mentioned in the table.

The prices of steel rails in England in 1906 and 1907 are given in the following extract from a letter we have received from a trustworthy English correspondent: "I have made inquiries with reference to the prices of steel rails in 1906 and in 1907. In 1906 they ranged from £5 10s. ($26.76) to £6 ($29.20). Early in 1907 they went up to about £7 ($34.06) until about the middle of the year, and then they gradually declined to £6 5s. ($30.41) in November and December. These prices were given me by a London firm, but they tell me that the prices were the same in Middlesbrough, *as the prices are controlled by the British Rail Syndicate.*"

Additional information is obtained from the Iron and Coal Trades Review, the leading iron trade paper published in the United Kingdom. In 1906 and 1907 the maximum price for British steel rails was reached in August, 1907, the average price during the whole month ranging $5.45 per ton above the American price. The average yearly price for English steel rails in 1906 was $30.73 per ton and in 1907 it was $32.59.

We have prepared the above table and the supplementary statements because they are a complete answer to those free traders of all political parties who are constantly alleging that American railroad companies are charged extortionate prices for steel rails as a result of the protective duty on rails. The duty on steel rails is now $3.92 per ton, but for many previous years it had been $7.84. Where in the figures we have given can the free trader find this duty, or any part of it, added to the English price?

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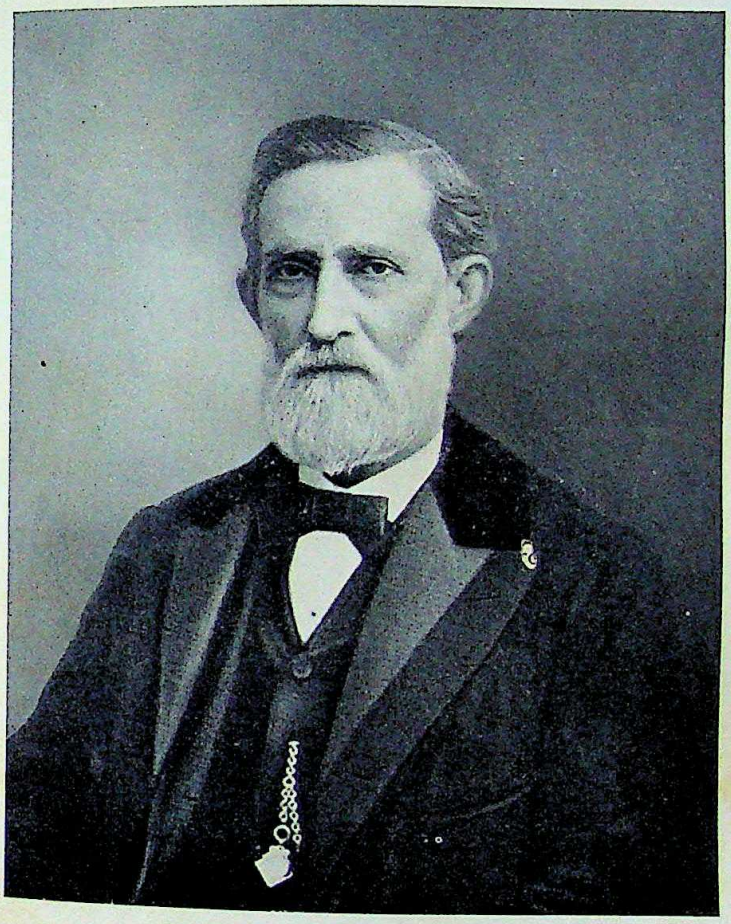

James M. Swank

"THE PROTECTIVE POLICY HAS SO BUILT UP OUR IRON AND STEEL INDUSTRIES THAT THEY ARE NOW EASILY THE FIRST IN MAGNITUDE OF ALL THE COUNTRY'S MANUFACTURING INDUSTRIES, AND ALSO LEAD THE WORLD'S IRON AND STEEL INDUSTRIES."

JAMES M. SWANK.

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A question answered.

It may be asked if steel rails are made in this country and sold at lower prices than in free trade England, why is any duty on steel rails needed? Because England does not make all the rails that might be sold in our markets; Germany and Belgium are large producers; and because duties on foreign products should be placed high enough to prevent them from being unloaded upon our markets in periods of depression abroad and great industrial activity at home, when foreign prices fall so low that we could not possibly compete with them. A protective duty on steel rails is also needed to protect our steel rail makers, and the producers of the raw materials which enter into their manufacture, from the competition which is made possible by Continental syndicates and export bounties, which competition is explained in the following report made to our government by Consul General Gaffney, at Dresden, Germany, and published in the Daily Consular and Trade Reports for May 6, 1911:

German syndicates.

A German syndicate does not as a rule control any works as such, like the American "trusts," but simply the products of the works. Thus a German business manufacturing a dozen different articles will be a member of a dozen different syndicates and not a unit of a single corporation. There are syndicates governing every important material and article of iron manufacture, from iron ore, coal and coke to plates, bars, wire, machinery, and even nails. There are also district syndicates where local conditions are of a special character. These syndicates work in great harmony, considering the conflict of interests.

The usual method of procedure is for a number of the expert officials of the syndicate to visit the works included and to record the geographical situation, mechanical equipment, productive capacity, and special aptitude of each of the associated concerns. Orders received are allotted and prices are fixed by the syndicate. Each establishment gets its due share of the trade available, regard being paid of course to the location and capacity of the works. For example, a Russian or Austrian order would, other things being equal, be allotted to a Silesian firm, while an English one would go to a Westphalian shop. The country is mapped out into trading zones, and everything possible is done to avoid waste, overlapping, delay and high cost of transit. These syndicates are really manufacturers' trade unions and co-operative associations combined, and their officials and agents attend to a wide variety of commercial, legal and other matters in the interests of their constituents. Raw materials are bought and finished products are sold on the most highly organized and economical lines.

In 1897 some of the German syndicates adopted the export bounty policy. Since that time iron and steel manufacturers have been subsidized in respect of goods produced for export. The unions controlling fuel, iron, raw steel, etc., have supplied materials at cheaper rates when such materials have been required for manufacturing for export than when needed for goods for the home market. From time to time the bounty rates, or differences between home and export prices, have been increased or decreased in response to the fall or rise in the home demand, the primary object being to effect full employment for the mills even when home trade has been slack, and the second to secure a permanent trade in foreign markets. Largely through the operation of these bounties German iron and steel goods have

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gained a foothold in markets previously regarded as British preserves. Germany seems on the way to dislodge England from the premier position as a steel exporting country, largely, it appears, if not entirely, as an outcome of superior organization.

Iron and Steel Prices to Foreign Buyers.

With regard to the prices at which our iron and steel products have been sold abroad it can be said with entire frankness that, while there have been sales made at lower prices than have been charged to domestic consumers, the large majority of the sales have been made at the same prices as have been obtained at home or at even higher prices. When lower prices have been charged the inducement to do this has been (1) to dispose of a surplus, as during the years of depression following the panic of 1893 or during the reactionary year 1900; or (2) to secure entrance into a desirable foreign market; or (3) to retain a foothold in a foreign market that has already yielded profitable returns. These reasons for the occasional cutting of prices require no defence. They are akin to the reasons which govern the sales of manufactured and all other products in domestic markets and at the "bargain counters" of our department stores.

Surplus sold abroad.

Even in years of prosperity it sometimes happens that a rolling mill or steel works, when running to its full capacity, produces a surplus of its products beyond the immediate wants of its customers or of the general market. If this surplus can be sold abroad, even at prices below current quotations, it is better to do this than to reduce production by stopping the rolling mill or steel works for a few days or even for one day. The workmen would not only lose their wages during the stoppage, but the manufacturers would lose in many ways. As one incident of the stoppage the home consumers of their products could not be supplied so cheaply as when the plants are running full. A moment's reflection will convince any candid man that the manufacturing establishment that is not kept constantly employed, whether it produces iron or steel, or cotton goods, or woolen goods, or pottery, or glassware, or any other articles, cannot be operated so economically for its owners or so beneficially for its customers as the establishment that is kept running six days in the week and every week in the year.

Duties remitted on raw materials.

It should also be remembered that our tariff legislation for more than a generation has encouraged our manufacturers to seek foreign markets by remitting nearly all the duties levied on imported raw materials when these raw materials enter into the manufacture of exported finished products. Under the operation of this drawback system our iron and steel manufacturers have been able to manufacture their

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products intended for foreign markets at a lower cost than they could supply similar products to home consumers. Pig iron, iron ore, spiegeleisen and ferro-manganese enter into the composition of steel rails, for instance, and when imported are dutiable, but 99 per cent of the duty paid on any of these products is remitted when they are used in the manufacture of rails for export. So with the pig iron that is imported to be manufactured into cast iron pipe, and which is dutiable at $2.50 per gross ton; the remission of nearly $2.50 of the duty on a ton of imported pig iron may enable our cast iron pipe manufacturers to buy cheap foreign pig iron and to sell their pipe in foreign markets. The London Engineering for January 17, 1902, said of this drawback system: "A certain amount of trade is brought into the country that would otherwise be missed, and no one loses anything."

Farmer and laborer get the benefit.

Finally, it may be said that nearly all the money that is paid by foreigners for American steel rails or for other steel products of American manufacture, no matter at what prices they may be sold, and irrespective of the sources of supply of raw materials, is paid to American labor that is engaged in their manufacture, and that fully the half of this money finds its way into the pockets of American farmers. Both the workingman and the farmer should be thankful that our protective tariff policy, through its cheapening influence on the cost of production, by guaranteeing to capital the possession of the home markets and stimulating competition, has enabled our manufacturers to sell a part of their products in foreign markets, even if they sometimes sell at a loss. If manufacturers lose, that is their misfortune; the workingmen receive their wages all the same and the farmers get their full share of these wages.

Other countries recognize the economic necessity of keeping their manufacturing establishments fully employed and habitually sell their surplus products in foreign markets at cut prices. Great Britain and Germany are conspicuous examples of the truth of this statement. American free traders do not complain of the methods adopted by other countries to sell their surplus products, made by cheap labor, in our markets. Their criticism is reserved for the manufacturers of our own country who employ American labor and pay it good wages. An English writer in Cassier's Magazine for July, 1908, referring to German competition in English steel markets, says: "The chief factor in the promotion of Germany's foreign trade these last ten years has been the policy of granting *co-operative bounties on steel goods for export.*"

The Cost of Production a Delusion.

The Republican platform which was adopted at Chicago in June,

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1908, contained this declaration: "In all tariff legislation the true principle of protection is best maintained by the imposition of such duties as will equal the difference between the cost of production at home and abroad." In Mr. Taft's speech of acceptance he approved this declaration in the following words: "The tariff in a number of the schedules exceeds the difference between the cost of production of such articles abroad and at home, including a reasonable profit to the American producer. The excess over that difference serves no useful purpose, but offers a temptation to those who would monopolize the production and the sale of such articles in this country to profit by the excessive rate."

Platform of 1908.

One objection to the declaration in the Chicago platform above noted is that the cost of production either at home or abroad is never a fixed quantity but always a shifting quantity. The cost of production of any manufactured product varies in all manufacturing countries from year to year and often from month to month, as everybody knows. Shall we have a sliding scale tariff adapted to these varying costs? If not, what becomes of the Chicago plan? Then, again, the cost of production in one foreign country differs from that in another country, as, for instance, in Great Britain and Germany. Which country is to serve as a guide in the construction of a new tariff? And, again, in ascertaining the cost of production, either at home or abroad, which mill, or factory, or shop cost sheet is to be taken as a guide in the adjustment of duties—that which possesses special advantages or that which does not?

Another and an equally fatal objection to the Chicago plan of framing tariff schedules is that various devices are resorted to in some foreign countries to effect sales of their products abroad at prices *below* the cost of production. It is well known that special railroad freight rates are made by the German government on state railroads to facilitate the sales abroad of German products, and that syndicates exist in that country which also stimulate these sales by sharing the losses entailed in selling abroad at lower than home prices. Are the framers of our tariffs to take account of these helps to the foreign trade of Germany, or of similar helps to the foreign trade of other countries? What is to be the measure of protection against the dumping on our markets of foreign products so sold, or of any foreign products that may be sent to this country to be sold at prices *below* the cost of production to get rid of a surplus or to meet a financial necessity? The Chicago platform is silent on these questions.

Competition.

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Natural Resources Developed by Protection.

It is a common remark by the enemies of our protective policy that our iron and steel industries have had a phenomenal development because this country has possessed phenomenal resources for the manufacture of iron and steel—an abundance of iron ore and coal, including coking coal and, more recently, natural gas. But we possessed the same resources, except natural gas, during the long revenue tariff period of fifteen years from 1846 to 1861. Our table shows that the tariff of 1842 had so stimulated our pig iron industry that in 1846 we produced 765,000 tons of pig iron. In that year the tariff on pig iron was reduced and it was not again increased until 1861, with the result that in the fifteen years mentioned our pig iron industry made *absolutely no progress,* in some years less pig iron being made than in 1846. This table, which will be found on page 455, will repay the careful examination of the reader.

No Monopoly in the American Iron Trade.

To correct a prevalent error, we have compiled the following comparative table, which gives the production and the percentage of production of all leading iron and steel products by the United States Steel Corporation and by independent companies in 1902 and 1910. It also gives for the same years the shipments and the percentage of shipments of Lake Superior iron ore by the Corporation and by the independent companies and the production and the percentage of the production of iron ore and coke in the whole country by the Corporation and by the independent companies. The statistics of the country's production of iron ore and coke we obtain from the United States Geological Survey, the Corporation reporting to us its share of these shipments and production.

Growth of independent concerns.

The United States Steel Corporation was incorporated on February 25, 1901, and was organized on April 1, 1901. In previous statistical compilations relating to the operations of the Corporation in 1901 we have used the figures of production and shipments by the constituent companies of the Corporation in the three months prior to their absorption by the Corporation. The year 1902 is therefore the first full year of the Corporation's activity in the manufacture of iron and steel.

The table completely disproves the statement so often made that the United States Steel Corporation is a monopoly which controls the iron and steel industries of this country.

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PRODUCTION OF THE U. S. STEEL CORPORATION AND INDEPENDENTS IN 1902 AND 1910 COMPARED.

Products.	1902—Production and shipments.		1902—Percentage.		1910—Production and shipments.		1910—Percentage.	
Net tons for coke, kegs of 100 pounds for nails, and gross tons for all other products.	Corporation.	Independents.	Corporation.	Independ'ts.	Corporation.	Independents.	Corporation.	Independ'ts.
Shipments of Lake Superior iron ore..	16,659,470	10,926,434	60.4	39.6	22,185,972	21,256,425	51.1	48.9
Total production of iron ore.....	16,063,179	19,490,956	45.2	54.8	25,245,816	31,643,918	44.4	55.6
Total production of Coke.....	9,521,567	15,880,163	37.5	62.5	13,649,578	28,059,232	32.7	67.3
Production of all kinds of pig iron....	7,975,530	9,845,777	44.8	55.2	11,831,398	15,472,169	43.3	56.7
Production of steel ingots and castings	9,750,386	5,196,864	65.2	34.8	14,179,369	11,915,550	54.3	45.7
Production of steel rails.....	1,992,010	949,411	67.7	32.3	2,138,946	1,496,855	58.8	41.2
Production of structural shapes.....	753,481	546,845	57.9	42.1	1,163,300	1,103,590	51.3	48.7
Production of plates and sheets.....	1,583,865	1,081,544	59.4	40.6	2,380,106	2,575,378	48.0	52.0
Production of wire rods.....	1,126,826	447,467	71.6	28.4	1,508,294	733,536	67.3	32.7
Production of iron rails and other rolled	1,701,700	3,760,967	31.2	68.8	3,203,279	5,317,995	37.6	62.4
Total production of finished rolled forms.....	7,157,882	6,786,234	51.3	48.7	10,393,925	11,227,354	48.1	51.9
Production of wire nails.....kegs.	7,122,354	3,859,892	64.9	35.1	7,041,692	5,663,210	55.4	44.6
Production of tinplates and terne plates	264,109	95,891	73.4	26.6	440,694	282,076	61.0	39.0

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CHAPTER IX.

ATTACK ON THE PROTECTIVE POLICY BY RECIPROCITY TREATIES—THE CUBAN TREATY—THE GERMAN TRADE AGREEMENT—THE PROPOSED CANADIAN RECIPROCITY TREATY—RECIPROCITY CONSIDERED IN RELATION TO THE POLICY OF PROTECTION—TARIFF CONCESSIONS WHICH INVOLVE THE EXCHANGE OF COMPETITIVE COMMODITIES INCOMPATIBLE WITH PROTECTION FAIRLY AND CONSISTENTLY ADMINISTERED—NO NATION CAN BE THE GAINER BY THE SURRENDER OF ANY PART OF ITS OWN MARKET—THERE CAN BE NO SUCH THING AS A TRULY RECIPROCAL TARIFF TREATY UNDER WHICH ONE GROUP OF INDUSTRIES IS SACRIFICED FOR ANOTHER GROUP OF INDUSTRIES.

Can aliens make treaties easier than friends can make laws?—ABRAHAM LINCOLN.

Reciprocity: The term usually applied to the principle of securing in commercial treaties between nations natural advantages to the same extent, e. g., admission mutually of certain goods supposed to be practically equivalent to each other, duty free, or at equal duties on imports.—IMPERIAL DICTIONARY.

Reciprocity in competing products is free trade.—AMERICAN ECONOMIST.

Partial reciprocity is partial free trade; complete reciprocity is complete free trade.—AMERICAN FREE TRADE LEAGUE ALMANAC.

Reciprocity is a sharp bargain between sharp people, one of whom is certain to get the best of the bargain.—PROF. ERNEST MAS.

In every commercial treaty one of the two parties is taken in, but no one can tell which party it is until some years afterwards.—BISMARCK.

It is true that the proposed tariff concessions will work injury to some domestic manufacturers, but these manufacturers will not be injured so greatly as some other manufacturers will be benefited by larger foreign trade opportunities.—*Manufacturer of harvesting machinery, speaking at the National Reciprocity Convention in Washington, November, 1901.*

Protection for what we produce, free admission for the necessaries of life which we do not produce, reciprocal agreements of mutual interest to gain open markets for us in return for open markets to others. Protection builds up domestic industry and trade and secures our own market for ourselves; reciprocity builds up foreign trade and finds an outlet for our surplus.—REPUBLICAN NATIONAL PLATFORM, 1896.

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We favor the associated policy so directed as to open markets on favorable terms *for what we do not ourselves produce* in return for free foreign markets.—REPUBLICAN NATIONAL PLATFORM, 1900.

Reciprocity should afford new markets for our surplus agricultural and manufactured products, without loss to the American laborer of a single day's work that he might otherwise procure.—WILLIAM MCKINLEY, Letter of Acceptance, 1896.

I favor no form of reciprocity that takes from a single American workman his job.—WILLIAM MCKINLEY.

The end in view is that of opening new markets of our country by granting concessions to the products of other lands that we need and cannot produce ourselves, and which do not involve any loss of labor to our people, but tend to increase their employment.—WILLIAM MCKINLEY.

Foreign trade is a braggart; domestic trade, the true king.—ANDREW CARNEGIE, Address as Rector of St. Andrew's University.

From statements which are appearing in the public press, in the form of news items and speeches and interviews with various of our statesmen, as well as from the talk heard in public places from day to day, credulous people might easily believe that a political millennium on the tariff question is just at hand; that at last, after years of destructive competition, industrial rivalry is entirely to cease, and that the nations of the earth, through reciprocity treaties, are to be bound together in the most amicable commercial relations which will surely bring them, each and every one, lasting wealth and prosperity.

Reciprocity.

Reciprocity is being puffed and extolled even by some protectionists, while, like "tariff reform," it is being put forward as a cure-all by the free traders, for, strange to relate, the same persons who only a short time ago were talking loudly for free raw materials, brotherly love among nations, and for capturing the markets of the world, and were hotly denouncing protective tariffs and calling manufacturers "robber barons," are now enthusiastic over reciprocity. For a time the free traders seemed to have been silenced by the ruin and poverty resulting from the free trade tariff legislation of 1894; but this reciprocity talk has evidently stimulated them to renewed activity, and it is always well to examine with extreme care any proposition affecting the tariff that pleases the free traders.

PROTECTION NOT A SELFISH POLICY.

An impression has been created by free traders that protectionism is based on selfishness. They have said that "the utility of the protec-

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tive tariff is advocated at home, but every effort is made to prevent this idea from being exported. Perfect freedom to impose duties upon foreign products which compete with home industry must be maintained, but the country must also strive to prevent foreign countries from doing the same." Statements similar to this have so often been made that many protectionists seem to have accepted them as indicating a fixed American policy. Nothing could be farther from the truth.

Why should Americans desire to keep other nations poor? Indeed, why should any nation expect to profit by the poverty of another nation? The independence and prosperity of the great commercial nations of the earth have been achieved by their industrial activity during the past century and a half. They have grown in wealth by leaps and bounds, because they have learned how to cultivate the soil and make it yield abundantly a vast variety of fruits and cereals; and how to put at work steam and electricity in the development of their native resources. It has thus been the exercise of man's power over the forces of nature, which has employed the numberless hosts of labor and rewarded industrial enterprise, activity and thrift with the vast spendable income which enables the people of this age to supply themselves with the innumerable necessaries, comforts and luxuries of life which they enjoy and their production and consumption of which we call "the market." But this great stride forward has been possible because nations have steadied and supported themselves by protective measures, through which they have become rich and the greatest purchasers and consumers, not only of their own, but also of foreign products. England grew rich, and became a great market, because she set her people at work and developed her resources under the stimulating influence of a protective policy which she consistently maintained for five hundred years. During the relatively few years since she adopted free trade, she has gone backward in production, and, as a consequence, her wealth and her power to consume have correspondingly decreased. Hence her market, although a free trade market, is growing less valuable every year. On the contrary, because of her protective system, France has become the richest nation in Christendom and is constantly growing in wealth and in independence of the world outside. And since Germany, Switzerland, Belgium and the countries of continental Europe returned to protection a few years ago, they too have been vigorously developing their domestic resources, and as a consequence, their wealth is growing and they, as well as France, are thus providing themselves a spendable income with which to buy luxuries as well as necessaries in whatever market they may be found.

Protection abroad.

The richer these countries become, the more produce of other nations they will buy. For, in order to buy largely, a country must be

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rich. This is shown by our own experience, because under every protective period during the history of the United States, certain imports have increased. We have been larger foreign buyers. Thus international trade is limited by the power of nations to buy. If Austria-Hungary, Roumania and the Balkan States should become as productive and therefore as wealthy as France, for example, an enormous trade would arise between them and the world at large, or if Russia, with her one hundred and twenty million people, should develop her industries as highly as are those of the United States to-day, she would become a most valuable customer of other nations. It is worth while to repeat, it is those nations, which by protection have developed their own resources and so become rich, that are large buyers. Taking France again as an illustration: on the one hand it is through the superior genius and skill of her artisans working under a protective system that each year there is sent into the American market millions in value of beautiful French fabrics and artistic wares; while on the other hand it is because of our wealth, developed likewise by protection, that these fabrics are purchased here; and this is true of every protected country. If Europe had not developed her agricultural interests by protection, would we now be selling farm implements in the European market? And, in general, it is protectionist countries that buy most largely of our agricultural implements.

National wants as well as national capabilities of production are so varied that there will always be a large international trade, even though every nation adopts a protective policy.

Domestic trade is king.

Foreign trade is more fickle and uncertain than domestic trade. "Foreign trade is a braggart; domestic trade the true king," said Andrew Carnegie. We do not expect European countries to diminish the development of their own resources, the employment of their own people, the application of new inventions, or engagement in those new pursuits which are within the capabilities of their people. For Europe has awakened to an industrial activity that is giving employment and increasing wages to her people and bringing comfort and happiness where want and misery prevailed for centuries. Does anyone suppose that these European countries can be induced to relax in the slightest degree, their efforts in these directions? They have learned a great lesson. They are prompted in this matter by the prevailing spirit of the age; and we are continuing our sales in Europe simply because we have invented new devices and principles that they are buying and using as fast as they may. This accounts for our export trade with Europe; and we must not imagine that they are buying things of us that they themselves can produce. It can be set down as an assured fact that European nations, neither by reciprocity treaties nor by any other plan, are

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going to surrender or neglect any form of production within the reach of their people. We may in the future increase our foreign trade, as we have in the past, in those things in the production of which we are superior to other countries. Let us keep in mind the fact that we are not capturing foreign markets with cheap or competitive wares; and that we never shall do so as long as we maintain our high scale of wages and our superior standard of living.

During the past few years no word in the English language has been used to express such indefinite and misleading notions as the word "reciprocity." Of course, genuine reciprocity must always be based upon trade relations of mutual advantage and benefit to all parties interested; but the suicidal policy by which a nation permits certain of its industries to be injured for the benefit of certain others of its industries, is not reciprocity, whether it be accomplished through treaties or through lack of tariff laws. What is, in fact, beneficial to a nation is the precise point concerning which differences of opinion arise. The free trader contends, of course, that the people of the United States should buy where they can buy the cheapest; that if cottons, silks, woolens or any other commodity made by human handicraft can be purchased from the Old World at a lower price than it can be produced in America, tariff duties should be removed in order that American consumers may buy abroad where they can buy the cheapest. This is based on the doctrine that a nation should look out for the consumers and let the producers take care of themselves. Furthermore, the American free trader believes particularly that, foreign trade being simply an exchange of commodities, it would be most profitable for us to exchange our agricultural products, and any other commodities which we may be able to produce more cheaply than other nations, with European countries for manufactured goods which they produce more cheaply than do we, although such exchange should displace American labor and undermine and ruin all other American industries but the most cheaply producing ones. Hence, naturally the American free trader stands up today and talks loudly in favor of a reciprocity under which can be carried on this class of exchanges alone. Of course, he would prefer complete reciprocity, or entire free trade; but, being unable to get this, he favors the limited free trade there is in this kind of reciprocity and desires that it cover the largest possible number of competing commodities. That is, the American free trader stands for any changes in our tariff system that will break down as far as possible those barriers of protection which now largely keep goods made by the labor of other countries from displacing in the American markets the same goods made by the more highly paid labor of America.

Economic fallacies.

Mr. A. B. Farquhar, a distinguished free trader, in his address be-

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Trade between the States.

fore the reciprocity convention held in Washington in November, 1901, referred to the freedom of commerce or trade between the States of our American Union as "unlimited reciprocity across State borders." He also used the expression "limited reciprocity across national boundaries." He might better have used the words "free trade within our borders and limited free trade with other countries." Here we have in this disguised language a definition of reciprocity in competing commodities. It is, in fact "limited free trade," or, in other words, restrictions are removed by mutual agreement on certain commodities and our control of the home market is limited to the remainder.

Reciprocal trade, or trade which is of reciprocal benefit to two or more nations, may be secured either by direct acts of legislation or by agreements contained in commercial treaties. When this end is encompassed in a commercial treaty the agreement is called a reciprocity treaty.

Reciprocity in Non-Competitive Commodities—The Republican View.

Commercial reciprocity treaties, as hitherto favored by the Republican party, and the conditions to which they are applicable, are defined as follows:

> Protection for what we produce, free admission for the necessaries of life which we do not produce, reciprocal agreements of mutual interest to gain open markets for us in return for our open markets to others. Protection builds up domestic industry and trade and secures our own market for ourselves; reciprocity builds up foreign trade and finds an outlet for our surplus."—Republican National Platform, 1896.
>
> We favor the associated policy of reciprocity so directed as to open our markets on favorable terms *for what we do not ourselves produce* in return for free foreign markets.—Republican National Platform, 1900.

This is the only kind of reciprocity which ever received the approval of the Republican party. It was to secure concessions favorable to the admission of our products into foreign countries that we agreed to admit, free of duty, "commodities which we do not produce." This formed the basis of the commercial treaties negotiated by President Harrison's administration and is the reciprocity specifically provided for in the McKinley law of 1890.

When a broader interpretation is now sought to be placed on the language of the Dingley law, in this regard, it should be remembered that that law was passed in 1897, three years before the latest and most positive declaration of the Republican party on the question.

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"The free admission of what we do not ourselves produce," in return for favorable terms in foreign markets, is the only kind of reciprocity advocated by sound protectionists, either in the United States or in Europe.

One-Sided Reciprocity.

Once upon a time a white man and an Indian went hunting. They killed a turkey and a hawk. The white man, desiring to divide the game, said to the Indian: "I will take the turkey and you have the hawk, or you can take the hawk and I will have the turkey." The Indian quickly replied: "You did not say turkey to me at all."

Some of our American citizens who profess to be good protectionists, but who have the spirit of the diplomat, without his judgment, are recommending that we make commercial treaties with various countries, based on the principle of the white man's proposition to the Indian.

It is objected by some that our import duties on many articles are much higher than necessary; and that, instead of reducing the tariffs on such articles, we should use the excess over what is really needed as a basis for reciprocity agreements with foreign countries, only reducing such duties in exchange for the admission of our goods into such countries on favorable terms. This is certainly a beautiful idea. We are to get something for nothing. To illustrate, they say, for instance, that our duty on knit goods is 70 per cent; that our manufacturers and artisans have become so skilled that a duty of 50 per cent will so amply protect them against foreign competition that a reduction of the duty to 50 per cent will still give them the entire home market. Therefore, they propose that the United States make a treaty with France cutting off 28 per cent of our duty on knit goods, and admitting United States agricultural implements into France at her minimum rate (which is the lowest rate of duty at which France admits similar goods of other countries). These people have even claimed that Mr. Reed and Mr. Dingley fixed the duties in the Dingley bill higher than were required for protection, in order that the excess or superfluous duties might be used in making this kind of a bargain.

Reciprocity destroys home industries.

There is an abundance of reason for discrediting this claim. First, in the Dingley bill as passed by the House in 1897, section 4, providing for general reciprocity, nowhere appears. This section was added in the Senate; and even as thus added it was limited in operation to two years, which clearly implies that the provision was experimental, of doubtful wisdom and unlikely to be permanent. Second, Mr. Dingley, who was both a sound protectionist and a sound economist, perfectly compre-

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hended the fact that if duties were fixed at rates higher than necessary for adequate protection, the reduction of such duties down to the level of needed protection would be useless for tariff trading purposes. He knew, even if some other protectionists apparently did not, that to gain tariff concessions by cutting down duties not needed, while retaining duties that were protective, was not "reciprocity"; that to attempt such a trick would be to attempt to hand to the foreigner a gold brick, a thing which the foreigner would resent by promptly cancelling all trade treaties framed on such a basis. So it may safely be set down as untrue that the duties in the tariff of 1897 were made intentionally excessive for tariff trading purposes.

In short, this idea that we can make commercial treaties with foreign nations by which we are to be benefited while the other contracting party gets nothing is too absurd to consider seriously. It has for years been the practice of European nations, and especially of France and Germany, before enacting a tariff bill or making a commercial treaty, to submit all the various tariff schedules contained in it to the most competent experts in the various industries affected; and it is therefore with the greatest care and ability that their interests are fully guarded. These nations make no trade treaties that do not provide for adequate protection for their own industries.

Reciprocity in Competitive Commodities.

False reciprocity.

Shall we break down some industries which have been built up by protection in order that other protected industries may find for their products an increased sale in foreign markets? In other words, shall we diminish one industry that another may be increased?

There is no dispute among Republicans over the idea of admitting free of duty things which we cannot produce, in consideration for favorable terms in the admission abroad of things we do produce. This is the reciprocity of the McKinley bill; this is the kind of reciprocity indorsed in Republican platforms; this is the only reciprocity consistent with sound protection.

The plan of reciprocity in competing products necessarily involves the surrender of a portion or all of our home market for certain goods. It involves injury to or the destruction of certain industries and the displacement of the products of American labor by the produce of foreign labor. This is not reciprocity. It is economic and commercial folly. If we are to engage in the business of tariff trading we must treat all nations alike. Favoritism among nations in commercial matters leads inevitably to retaliations and discriminations, and to tariff wars which sometimes so upset international commercial relations as to imperil the peace of nations.

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The surrender of a portion of our home market to foreigners; the encouragement of the importation of competing manufactures; the displacement of our capital and labor, whether it be brought about under the guise of "incidental" protection, free trade, tariff "reform" or so-called reciprocity treaties, is antagonistic to the fundamental basis of protection to native industries.

Reciprocity at Home.

Silas Wright of New York, discussing the question arising out of the bill of 1828, to increase the duty on both wool and woolen goods, said: "The farmer must go to the manufacturer for a market. I would compel the manufacturer to go to the farmer for his supply of wool. I would make this obligation reciprocal."

True reciprocity.

Since the formation of the government our protective duties have been laid for the purpose of securing domestic reciprocity, that is, reciprocity among the people of our own country. The manufacturer goes to the farmer for his food products and his raw materials; the farmer then in turn buys the products of the American factory. This establishes perfect reciprocity. Under these reciprocal relations one works for the benefit of the other. A unity of interest is created. All this would be destroyed by the farmer looking to the foreign manufacturer for his wares and the manufacturer looking to foreign countries for his food products and raw materials. In effect, the farmer employs the artisan and the manufacturer to supply his wares and implements. The manufacturer employs the farmer to work for him in supplying his food and raw materials. This is the most profitable kind of reciprocity. It is, then, reciprocity among the American people for which our protective policy stands; reciprocity among all of our States in the Union by which the American people are held together in one common bond, one common national interest and therefore one common cause for promoting the welfare of all the people of the country without regard to section.

The reciprocity treaties in non-competing commodities, negotiated under President Harrison's administration, have been treated in a previous chapter.

Cuban Treaty.

The first reciprocity treaty negotiated by the United States government since the Canadian treaty of 1854, which admitted competing commodities into the United States upon favorable terms, was the treaty negotiated with Cuba under President Roosevelt's administration, which

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went into effect on December 23, 1903. This treaty provided for a 20 per cent reduction from the import duties fixed by the Dingley law upon all Cuba's natural products, manufactured or otherwise, imported into the United States. The principal products of Cuba which were thus admitted into competition with our native productions were sugar, tobacco (raw and manufactured), cigars and cigarettes, fruits and vegetables, pineapples, oranges, lemons, bananas, etc., and forest and mineral products. In return for these concessions the products of the United States were to be admitted to the Cuban markets at a reduction of 25 per cent from the rates then in force under the Cuban tariff. This agreement was submitted to and received with approval by Congress. It was very strenuously opposed by many leading constructionists and protectionists, and generally disapproved by the protectionists of the country outside of Congress. It was urged that it was in violation of the Republican platforms of 1896 and 1900. The platform of 1896 declared that "We condemn the present administration for not keeping faith with the sugar producers of this country. The Republican party favors such protection as will lead to the production on American soil of all the sugar which the American people use and for which they pay other countries more than $100,000,000 annually."

Experiments in reciprocity.

The Republican platform of 1896 expressly limited its approval of reciprocity treaties to those which relate to non-competing commodities, in the following terms:

> We favor the associated policy of reciprocity, so directed as to open our markets on favorable terms for what we do not ourselves produce.

These were distinct pledges made by the Republican party to the American people. This sort of reciprocity was the only kind which the Republican party had ever endorsed. In its campaign textbook, issued by the National Republican Committee in 1900, the doctrine was set forth as follows:

In non-competing products only.

> No subject interests the farmers of the United States more than that of the possibility of being able to supply the hundred million dollars' worth of sugar which our people consume annually, and some facts which have recently been presented show that they are fully justified in their ambition.
>
> The farmers of the country have been encouraged by the Republican party in their ambition to produce the sugar of the country. It was a distinct promise to the farmer that he need not fear that the Republican party would permit the cheap labor and cheap sugar of any tropical territory to be brought in in a manner which would destroy the infant industry of beet sugar production which the farmers of

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the United States have, under the fostering care of the Republican party, been building up during the last few years.

It was contended by those who opposed the Cuban treaty that the reduction in duty on sugar would be favorable to the large importers of sugar and detrimental not only to the cane sugar interests of the South, but the beet sugar interests of the Northern States. Mr. Dingley held that:

> Nothing can be done to so successfully clip the wings of the sugar trust as to develop our beet sugar industry, and at the same time confer immense benefit on our farmers and all our people.

Mr. McKenna, now a Justice of the Supreme Court of the United States, when a member of Congress expressed himself in favor of the protection of the beet sugar industry of the United States in the following words:

> Protection as understood politically is the clear right of all industries or none. The bill [McKinley] in its schedule makes an arbitrary and invidious distinction between the sugar industry and other industries. The Republican House of Representatives should not set this example. Who can say where the contagion will stop? The beet sugar industry is not only suitable to the circumstances of the country, but of all the range of protected industries not one offers such a brilliant prospect for good. Must an industry be able to supply the home consumption before it is entitled to protection? Protection must be universal; it must be national, or not at all.

Protection must be national.

The Republican party fully committed itself to the policy of fostering the production of sugar in the United States by protective duties, but it was now claimed that we should encourage favorable trade relations with Cuba. The treaty has now been in operation over eight years. It has been given a fair trial, and the results are precisely what were predicted by those protectionists who arrayed themselves in opposition to it. The facts show that Cuba has had decidedly the best of the bargain. Their purchases in the United States have not been materially increased, while we have been taking each year an increased volume of Cuban sugar, tobacco and other products which have been brought into the American market and have displaced those which might have been produced by American labor. A balance of trade against the United States and in favor of Cuba has been growing each year, until now it is more than $60,000,000. The money that we send Cuba to settle this adverse balance of trade goes to Europe in the purchase of manufactured articles, and is distributed among foreign artisans, manufacturers, agriculturists, the

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shipping interests and merchants. Instead, then, of supporting Cubans by the operation of this treaty, we are aiding our industrial rivals in the Old World.

The *American Economist* of May 6, 1910, gives the following results of reciprocity treaties entered into by the United States since the termination of the Canadian treaty in 1866:

Reciprocity Results with Other Nations.

The reciprocity situation with other nations does not differ materially with that of Canada. Before the Hawaiian Islands were annexed to the United States we had a reciprocity treaty with that country, lasting from 1876 until the time the country became a part of the United States. During all that time the imports from those islands were two and three times as great as the exports to those islands. In 1880 the imports were more than double the exports from the United States, and in 1890 the imports were three times as much as exports, and they were the same in 1898. So that as far as trade purposes were concerned it was a very one-sided arrangement to the disadvantage of this country.

Results of reciprocity arrangements.

Central American Treaties.

There was a reciprocity agreement with Guatemala lasting from May 30, 1892, to August 27, 1894, when the Democrats annulled it. The exports from the United States in 1891, the year before the treaty took effect, were larger than at any time while it was in effect, but the exports were always less than the imports.

The agreement with Honduras, which went into effect in 1892, was similar in its results. The imports the last year of the treaty were in value $765,138, while the exports to Honduras were $558,511.

With Nicaragua there was a somewhat similar experience. The year before the agreement took effect the imports from Nicaragua and the exports to that country were larger than they were any year the treaty was in existence. The exports were $1,692,942 in 1891, but in 1893, the year after the arrangement took effect, they were only $937,859, and they were still less the next year, though the imports from Nicaragua were $1,400,236 in 1893 and $1,564,472 in 1894, the last year of the treaty.

The exports of Salvador declined every year the arrangement was in effect, but the imports were the largest the last year, being $1,391,611 greater in that year than they were in 1891, the year before the treaty took effect. The exports from the United States were $88,765 less the last year of the arrangement than the year before it took effect.

Under the treaty with the British West Indies the exports from the United States to those countries the year before the arrangement took effect were in value $9,709,138, and they had declined in 1893 under the treaty to $8,044,846, and were the last year of the treaty $8,512,016, but the imports, which were $12,440,132 the first year of the arrangement exceeded $16,000,000 the second year and were $13,017,178 the last year.

The arrangement with Santo Domingo showed up to a little better extent, the exports amounting to $1,143,479 the first full year of the treaty and to $1,768,602 the last year, but the imports, which were $2,293,748 the first year, increased to $3,200,852 the last year.

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In all those cases the countries with which the arrangements were made derived the most advantage from them. So far as trade is concerned the United States obtained no apparent advantage whatever, when the exports from this country were taken into consideration.

Cuba has been pointed to as one country from which valuable results were obtained under a reciprocity treaty. But the figures do not bear out that statement. The first reciprocity agreement with Cuba was negotiated with Spain, and went into effect September, 1891. For the fiscal year 1892 the imports from Cuba increased $6,000,000 over the previous year, and the exports to Cuba increased something over $5,000,000. The next year the imports increased less than $1,000,000, while the exports increased a little over $6,000,000. The last year of the treaty the imports declined $3,000,000 and the exports $4,000,000, the total imports from Cuba reaching $75,678,261 and the exports to Cuba $20,125,321. There was certainly nothing in those figures to make out anything like real reciprocity with Cuba.

Cuban treaty's effects.

The second treaty with Cuba was negotiated when it became an independent nation and took effect December 27, 1903. Under that agreement Cuba received a 20 per cent reduction from the Dingley rates of duty. The chief imports from Cuba are sugar and tobacco. The imports from Cuba in 1902 aggregated $34,694,684, and had exceeded that figure only once (in 1901) in six years.

The imports in the fiscal year 1903 were $52,942,700. The treaty took effect in December of that year, and the imports from Cuba for each fiscal year since, with the exports to Cuba, and the amount of duty which the United States has lost owing to the treaty, are as follows:

Year.	Imports from Cuba.	Exports to Cuba	Reduction of duty in favor of Cuba.
1904..	$76,983,418	$25,810,812	$8,000,000
1905..	86,304,259	36,407,932	8,954,696
1906..	84,979,821	46,377,277	10,982,170
1907..	$97,441,690	$48,330,913	$13,161,898
1908..	85,284,692	46,500,800	10,537,921
1909..	96,722,193	42,629,871	13,000,000

Under the treaty exports have nearly doubled while imports from Cuba have practically trebled, as the effect of the treaty, as they were running previous to 1903 at about $34,000,000, whereas they have now reached nearly $100,000,000. At the same time the consumer in this country has got sugar no cheaper and has paid enormous sums annually, probably reaching $14,000,000 for the present fiscal year, as a present to Cuba. The United Kingdom and several other countries have increased their exports of manufactures to Cuba relatively greater than the United States, while this treaty has been in effect.

Under the treaty with Porto Rico imports increased and exports decreased. With Brazil there was a similar result. The first year of the arrangement imports from that country increased $35,000,000, reaching $118,633,604, while the exports to Brazil increased to the extent of $71,627 only, the total reaching $14,291,873. In the next year the exports fell off $1,902,749, and the last year of the arrangement the exports to Brazil were $825,000 less than they were the first year. The exports to Brazil were greater the two years following the annulment of the agreement than while it was in effect.

Our country has never benefited.

The first year of the agreement with Austria-Hungary imports increased $2,300,000, while exports to that country declined $1,000,000, the total of the exports being $571,037, and the total of the imports being $10,054,501.

The first year of the treaty with Germany showed an increase in imports from that country of $14,000,000 and a decrease in exports to that country of $22,000,000.

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No Benefit in the Figures

It is not necessary to give any more statistics to show the falsity of the statements that this country was greatly benefited, in a trade sense, by reciprocity treaties. The very opposite is the fact, as shown by the statistics of our government. That is why Mr. Aldrich and the other Republican leaders in the Senate as well as in the House were not in favor of ratifying the Kasson treaties, and have not responded to the propositions put forth by more than one President in favor of extending trade in that way. Canada has been the most obstinate of any nation we have had negotiations with on this subject. She is aided to a large extent in the United States by the ignorance of newspaper writers on this topic. But Congressmen when they undertake to ratify treaties study the question and investigate the facts, and that is the reason the Kasson treaties were pigeonholed, as will be similar treaties in the future, providing any such are sent to Congress. The surprise of some members of Congress over Senator Root's declaration in favor of a treaty with Canada confined to natural products seems to be fully justified by the circumstances.

German Trade Agreement.

Section 3 of the Dingley law authorized the President of the United States to enter into commercial agreements with those countries producing and exporting into the United States argols or crude tartar or wine lees, crude; brandies or other spirits manufactured or distilled from grains or other materials; champagnes and all other sparkling wines; still wines and vermouth; paintings and statuary. The President was authorized to grant a reduction of 20 per cent on the existing rates of duties on these articles, whenever in the judgment of the President such countries, either by commercial agreements or by concessions made, granted reciprocal and equivalent favors to the products of the United States.

Its constitutionality questioned.

It should be noted that Section 3 restricted and limited the power of the President in entering into commercial agreements to the specific articles named, and was, therefore, not a provision establishing authority to enter into general reciprocity treaties. The constitutional authority of Congress to delegate to the Executive Department the power to determine by this or any method the rates of duties which shall be imposed and collected upon importations has been seriously questioned by eminent authorities on constitutional law.

The application of the minimum rates to such articles was proclaimed by the President of the United States as follows: France, January 28, 1898; Germany, June 1, 1897; Great Britain, December 12, 1897; the Netherlands, August 12, 1898; Spain, February 20, 1899.

The trade agreement with the German empire which became effective July 1, 1907, contained general provisions concerning the method of ascertaining and fixing the dutiable valuations of German products exported to the United States, which exceeded the limits imposed on the Executive Department of the government by Section 3 of the law of 1897. The

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agreement so made provided that the foreign valuations, as fixed and determined by the German chambers of commerce, should be accepted and considered as "competent evidence" by the appraisers of customs of the United States in ascertaining the valuation of such commodities from which the amount of duty to be collected thereon was to be determined. The terms of the agreement in this respect were embodied in regulations of the Treasury Department for the guidance and instruction of the United States appraisers of customs. This feature of the German agreement met with much opposition from American manufacturers, but it was too late to correct the mistake which was made, because the agreement, not being required to be submitted to the Senate or Congress for approval, was not made known in the United States until after the United States had become bound thereby. It must be assumed that the Executive Department did not in the course of negotiations, or until after the agreement had been signed, appreciate the error which had been committed. The grounds of opposition to the agreement were very clearly expressed by Mr. Wilbur F. Wakeman, secretary of the American Protective Tariff League, in an address made before the National Association of Hosiery Manufacturers of Philadelphia, on May 17, 1907, in which he stated:

GERMAN COMPETITION.

In view of present conditions and in view of the German agreement, to which I shall refer later, I wish to call your attention to the importations of hosiery from Germany. It is very interesting to study these figures, especially with their relation to our tariff laws. In the fiscal year of 1890, and just prior to the passage of the McKinley tariff act, Germany sent to this country hosiery amounting to over $6,600,000. Naturally the merchandise was rushed into this country as a "dumping ground" in advance of the passage of the McKinley act, so as to have the advantage of the lower duties of the tariff act of 1883. After 1890 the imports of hosiery from Germany reached as low an ebb as $3,300,000, but, strange as it may seem, under the Dingley act the importations have gradually crept up until they have reached, according to foreign values, over $6,200,000, which is next to the high-water mark of the year just prior to the passage of the McKinley act. This may be accounted for in two ways.

Injurious results plainly apparent.

1. Undervaluation and wrong classification.
2. Great increase in the purchasing power of our people.

HOSIERY IMPORTED FROM GERMANY.

Fiscal year.	Value.	Fiscal year.	Value.
1888		1898	$3,339,430
1889	$5,162,085	1899	3,305,474
1890	4,955,595	1900	3,623,154
1891	6,604,835	1901	4,016,435
1892	5,419,461	1902	3,905,992
1893	4,794,000	1903	4,919,011
1894	5,169,231	1904	4,467,410
1895	3,424,942	1905	4,623,061
1896	5,660,234	1906	6,265,413
1897	4,618,763		
	4,586,051		

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German manufacturers or exporters I believe to be the most skillful, adroit and aggressive in breaking into other markets of any in the world. They have adapted their merchandise to this market, and they will stop at nothing to control our market if within their power. Mind you, I do not criticise them in their efforts. I admire them for their enterprise and for the close relation of their manufacturers to the imperial government, which at all times will go "to the limit" in fostering and extending German industry.

German Tariff Concessions.

The new tariff agreement (not treaty) with Germany will go into effect on July 1, 1907. I have received many letters to the effect that this agreement will necessarily require ratification by Congress. This is incorrect. This is a wrong impression. It is true that the agreement carries with it the promise by the administration of certain recommendations to Congress at its next session, but the administrative features of the agreement will become operative on July 1. A brief analysis of the German agreement which has just been approved by the Reichstag is as follows:

1. Acceptance of German export prices on commodities imported into the United States.

2. The making of special agents of the Treasury Department, who shall investigate questions relating to wholesale prices and cost of production of merchandise for export to the United States, diplomatic agents accredited directly to the German government and subject to the rule of international conduct known as persona grata.

3. Open hearings on questions relating to alleged undervaluations of imports from Germany, in all cases where the board of appraisers at our customs offices shall so elect. In any case the importer shall be furnished with all evidence that was used in the closed hearings, to aid such importer or agent of an exporter to make up his case of defense in final hearings.

American producers not consulted.

4. The proposed recommendations to be made by President Roosevelt to Congress to induce our legislative body to consent to changes in our customs administrative law whereby penalties for undervaluations shall be greatly relaxed in the interests of the importer, and a greater leeway, furnished through the proposed changes in the law, for undervaluations of imported commodities, up to 10 per cent in some instances.

5. The concessions given to Germany under Section 3 of the Dingley tariff law, including a reduction in duty on German champagnes imported into the United States, down to the final limitation of that section, being a lower rate than is at present granted to any country except Portugal.

Negotiated in Secret.

Let us for a moment examine the negotiations for and the culminations of this agreement before we take up the merits or demerits of the German concessions. The agreement was negotiated in secret. I do not know of a single American producer of any class who was called into consultation as to its effect upon his industry. Is there any one here present who was summoned to Washington in this connection? Do you know of any woolen manufacturer, pottery manufacturer, glass manufacturer, or silk manufacturer who was consulted?

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On the other hand, the German ambassador sailed for home on April 11 with this agreement in his pocket. It is submitted to his government. It is then submitted to the Economic Association of Germany and approved. It is then submitted to the various legislative committees and approved, and only yesterday it was approved by the Reichstag. How different the policies of the two countries! By our administration no producer or manufacturer was consulted, and in imperial Germany every industry, every branch of legislation, approved the agreement before it was promulgated.

Evils and Dangers of Undervaluation.

As you know, the great enemy of American industrials has been undervaluation and wrong classification of imported merchandise. I know whereof I speak, for my opinion is based on five years' experience as United States appraiser at New York, and during that period I had more difficulty with the undervaluations from Germany than from all other countries.

Heavy losses through undervaluations.

Daniel Manning, when Secretary of the Treasury, said that the revenues were defrauded at the port of New York to the extent of at least $40,000,000 a year. What portion of that applied to Germany I do not know, but you can figure out the percentage from what I have said.

During the second Cleveland administration great efforts were made to put a stop to undervaluations, and an agreement between competitive nations was submitted, but Germany refused to assent to the clause requiring the sworn certificate of invoiced values.

Accepted as Evidence.

It is also proposed in connection with this agreement that the American consul shall accept the certificates (not sworn to) of the local chambers of commerce as to value in the issuance of the consular invoice. It is also agreed that these certificates or statements of the local chambers of commerce *shall be accepted as evidence* by the United States customs officials. Only one result can be anticipated, namely, that the German manufacturer or exporter will be the appraiser of his own merchandise.

The Treasury Department has a number of special agents on the Continent for the purpose of investigating the question of undervaluation or wrong classification. These agents hereafter will be accredited directly to the German government through our State Department, and will have to remain persona grata, or become persona non grata and return home. That is, all investigations of the Treasury Department abroad will be practically under the control of the German government. You, who are familiar with German export customs methods, will realize what this means.

The promised recommendations by the administration to ask Congress to amend the administrative act and give 10 per cent leeway before any penalties apply shows the disposition of the administration but I do not believe that Congress will adopt this provision. Understand, please, what this means. Under present law if an invoice is found to be undervalued 5 per cent, 5 per cent is added to the value and 5 per cent is added to the duty penalizing the undervaluation. To illustrate: Suppose an invoice is of value $100. Duty on the merchandise, say, is 50 per cent. It is found that the foreign value of the merchandise is $105, consequently the duty on

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this $100 would amount to $57.75, instead of $50, according to the invoice value. We had this very condition which is now recommended in the Wilson-Gorman tariff. It was a failure, and Congress knows it.

The German tariff concessions will have a very depressing, if not serious, effect upon many industries; and naturally similar concessions must be extended to other countries which enjoy "the most favored nation" treaty clause. Applied to all nations whose products compete with our own, the German agreement means general tariff reduction by administration rather than by legislation.

This episode should serve as a warning to Congress against authorizing the making of such agreements by the Executive Department of the government which may affect so seriously the vital interests of the country.

The Proposed Reciprocity Agreement Between the United States and Canada.

On January 26, 1911, President Taft transmitted a special message to Congress accompanied by a proposed reciprocity treaty between the United States and Canada which had been signed at Washington by representatives of the two governments on January 21, 1911. Referring to the negotiations which led up to the signing of the agreement, the President said:

President Taft's message.

In my annual message of December 6, 1910, I stated that the policy of broader and closer trade relations with the Dominion of Canada, which was initiated in the adjustment of the maximum and minimum provisions of the tariff act of August 5, 1909, had proved mutually beneficial and that it justified further efforts for the readjustment of the commercial relations of the two countries. I also informed you that, by my direction, the Secretary of State had dispatched two representatives of the Department of State as special commissioners to Ottawa, to confer with representatives of the Dominion Government, that they were authorized to take steps to formulate a reciprocal trade agreement, and that the Ottawa conferences thus begun had been adjourned to be resumed in Washington.

On the 7th of the present month two cabinet ministers came to Washington as representatives of the Dominion Government, and the conferences were continued between them and the Secretary of State. The result of the negotiations was that on the 21st instant a reciprocal trade agreement was reached, the text of which is herewith transmitted with accompanying correspondence and other data.

The President justified the agreement upon what he believed to be broad grounds of public policy and the claim that it was not in violation of the principles of protection. He said:

We have reached a stage in our own development that calls for a statesmanlike and broad view of our future economic status and its requirements. We have drawn upon our natural resources in such a way as to invite attention to their necessary limit. This has properly aroused effort to conserve them, to avoid their waste, and to restrict their use to our necessities. We have so increased in popu-

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lation and in our consumption of food products from our own country, that unless we materially increase our production we can see before us a change in our economic position, from that of a country selling to the world food and natural products of the farm and forest, to one consuming and importing them. Excluding cotton, which is exceptional, a radical change is already shown in our exports, in the falling off in the amount of our agricultural products sold abroad and a corresponding marked increase in our manufactures exported. A far-sighted policy requires that if we can enlarge our supply of natural resources, and especially of food products and the necessaries of life, without substantial injury to any of our producing and manufacturing classes, we should take steps to do so now. We have on the north of us a country contiguous to ours for three thousand miles, with natural resources of the same character as ours which have not been drawn upon as ours have been, and in the development of which the condition as to wages and character of the wage earner and transportation to market differ but little from those prevailing with us. The difference is not greater than it is between different States of our own country or between different provinces of the Dominion of Canada.

We Should Get Rid of an Obstructive or Prohibitory Tariff.

Ought we not, then, to arrange a commercial agreement with Canada, if we can, by which we shall have direct access to her great supply of natural products without an obstructing or prohibitory tariff? This is not a violation of the protective principle, as has been authoritatively announced by those who uphold it, because that principle does not call for a tariff between this country and one whose conditions as to production, population, and wages are so like ours, and when our common boundary line of three thousand miles in itself must make a radical distinction between our commercial treatment of Canada and of any other country.

The President argued that such a treaty would "cement friendly relations." He said:

A bond of friendship.

This trade agreement, if entered into, will cement the friendly relations with the Dominion which have resulted from the satisfactory settlement of the controversies that have lasted for a century, and further promote good feeling between kindred peoples. It will extend the market for numerous products of the United States among the inhabitants of a prosperous neighboring country with an increasing population and an increasing purchasing power. It will deepen and widen the sources of food supply in contiguous territory, and will facilitate the movement and distribution of these foodstuffs.

The geographical proximity, the closer relation of blood, common sympathies, and identical moral and social ideas furnish very real and striking reasons why this agreement ought to be viewed from a high plane.

The benefits of the treaty were to be chiefly confined to a reduction in the cost of living. Upon this point the President's language was as follows:

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The data accompanying the text of the trade agreement exhibit in detail the facts which are here set forth briefly and in outline only. They furnish full information on which the legislation recommended may be based. Action on the agreement submitted will not interfere with such revision of our own tariff on imports from all countries as Congress may decide to adopt.

Reciprocity with Canada must necessarily be chiefly confined in its effect on the cost of living to food and forest products. The question of the cost of clothing as affected by duty on textiles and their raw materials, so much mooted, is not within the scope of an agreement with Canada, because she raises comparatively few wool sheep, and her textile manufactures are unimportant.

The following general abstract made from the agreement shows the articles which were placed on the free list by both countries; and the articles upon which existing duties were to be reduced:

SCHEDULE A.

Free list.

This schedule provided that certain articles which were the growth, produce or manufacture of the United States should be admitted into Canada free of duty, when imported from the United States; and that reciprocal articles, the growth, produce or manufacture of Canada, should be admitted into the United States free of duty, when imported from Canada.

These articles were as follows: cattle, horses, hogs, sheep, and all other live animals; poultry, whether dead or alive, and eggs; wheat, oats, barley, buckwheat, corn, not for distillation; hay, peas, potatoes, sweet potatoes and yams, cabbages, onions, tomatoes, and all other fresh vegetables; cherries, peaches, grapes, etc., and all other fresh fruits; butter, cheese, fresh milk and cream; clover and timothy seeds, and all garden and field seeds; fish and shell fish of all kinds, whether fresh, canned or cured.

Timber, hewn or sawn, squared or sided or creosoted; planks and deals, not further manufactured than sawed, of all kinds of wood; fence posts, railroad ties, telephone and telegraph poles, staves not further manufactured than listed or jointed; stave bolts, shingle bolts and pickets and palings.

The following minerals: gypsum, and mica, crude and unmanufactured; feldspar, crude; asbestos, not further manufactured than ground; fluorspar, crude, not ground; talc, ground or bolted; sulphate of soda; soda ash; brass in bars and rods, in coil, etc.; cream-separators and parts of; tin-plates, crucible castile wire, galvanized iron or steel wire; type casting and typesetting machines, barbed fence wire, coke, coal, round wire rods, iron or steel, wood pulp mechanically ground, wood pulp, chemically unbleached, wood pulp, chemical, bleached and unbleached;

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print paper, valued at not above four cents a pound; wrapping paper and paper of all kinds, "N. O. P.," cardboard not pasted or coated.

SCHEDULE B.

This schedule provided for greatly reduced reciprocal rates of import duties upon certain manufactured articles, the growth, product or manufacture of either country.

Dutiable articles

These articles were as follows: mutton, beef or pork; fresh, salted, dried, smoked or canned; lard, tallow; sardines; canned vegetables; wheat or rye flour, oat-meal, corn-meal, barley malt, buckwheat flour or meal, prepared cereal foods in packages, biscuits, cakes, etc., combined with chocolate, nuts, confectionery, etc.; pickles, sauces; mineral waters; shrubbery and nursery stock; farm wagons, plows, harrows, harvesters, reapers, seed drills, mowers, horse-rakes, cultivators, threshing machines, portable engines, horse-powers, hay-loaders, potato diggers, fodder or feed cutters, grain crushers, fanning mills, hay-tedders, farm, field or road rollers; manure spreaders; windmills; grindstones, unmounted; all building stone in rough state; roofing slate; printing inks; pocket-knives, scissors, shears, knives and forks and other cutlery; bells and gongs; plumbing fixtures; brass band instruments; clocks and watches, plate glass; automobile and motor vehicles, all kinds (except for rail and tramways) and parts; digesters for pulp mills; pocket-books; musical instrument cases, portfolios, etc.

SCHEDULE C.

By this schedule articles, the growth, product or manufacture of Canada when passing from Canada into the United States, were to carry certain special rates, which were much below the existing rates of duties imposed by the Payne-Aldrich law. Outside of aluminum, both crude and in plates, sheets, bars and rods, and iron ore and coal slack or culm, this list was made up of manufactures from lumber, such as laths, shingles, sawed boards, planks, deals, and other lumber planed or finished on all sides, tongued or grooved.

SCHEDULE D.

Reductions of duties.

This schedule provided for special duties on certain articles, the growth, product or manufacture of the United States, only when passing from the United States into Canada, and was made up of apple, cherry, peach, pear, plum and quince trees; peanuts, shelled and unshelled; Port-

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land and hydraulic cement; bituminous coal such as would not pass through a three-quarter inch screen; condensed milk, canned fruits, and unsweetened biscuit.

The reductions made from the Canadian duties were roundly as follows: Thirty-five per cent tariffs were reduced to 32½ per cent; 25 per cent, to 22½ per cent; 20 per cent, to 17½ per cent; and 17½ per cent, to 15 per cent. The reductions from United States duties were of course relatively much greater.

It will thus be seen that the concessions made by Canada under this agreement with the United States were of little consequence in the direction of easier access to the Canadian market from this country. This is shown by the following schedule of the rates concurrently imposed by the United States and Canada, respectively, on agricultural machinery and implements, etc., and the proposed reciprocal rates:

	United States Rates.	Canadian General Rates.	Proposed Reciprocal Rates.
Farm wagons	35 p.c.	25 p.c.	22½ p.c.
Plows	15 p.c.	20 p.c.	15 p.c.
Harrows	15 p.c.	20 p.c.	15 p.c.
Harvesters	15 p.c.	17½ p.c.	15 p.c.
Reapers	15 p.c.	17½ p.c.	15 p.c.
Seed drills	15 p.c.	20 p.c.	15 p.c.
Mowers	15 p.c.	17½ p.c.	15 p.c.
Horse rakes	15 p.c.	20 p.c.	15 p.c.
Cultivators	15 p.c.	20 p.c.	15 p.c.
Threshing machine separators	15 p.c.	20 p.c.	15 p.c.
Threshing machine parts—baggers, weighers, etc., and repair parts	15 p.c. or 45 p.c.	20 p.c.	15 p.c.
Parts of, for repair	45 p.c.	17½ p.c.	15 p.c.
Portable engines and traction engines	30 p.c.	20 p.c.	20 p.c.
Horse powers for farm use	30 p.c.	20 p.c.	20 p.c.
Hay loaders	45 p.c.	25 p.c.	20 p.c.
Potato diggers	45 p.c.	25 p.c.	20 p.c.
Fodder or feed cutters	45 p.c.	25 p.c.	20 p.c.
Grain crushers	45 p.c.	25 p.c.	20 p.c.
Fanning mills	45 p.c.	25 p.c.	20 p.c.
Hay tedders	45 p.c.	25 p.c.	20 p.c.
Farm or field rollers and road rollers	45 p.c.	25 p.c.	20 p.c.
Manure spreaders	45 p.c.	20 p.c.	20 p.c.
Windmills	45 p.c.	20 p.c.	20 p.c.
Parts for repair	45 p.c.	20 p.c.	20 p.c.

An examination of the foregoing table at once discloses the fact that,

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at least as far as American-made farm implements and machinery are concerned, the proposed reduction from the duties imposed by Canada would not make the slightest difference in American sales in the Canadian market. Should, however, the hopes of those favoring the treaty be realized, just so far as the sales of such agricultural implements were increased, sales to the American farmer would be diminished in consequence of the increase in the production of cereals and provisions in Canada for the American market; hence, the gains in that direction would be fully offset by losses sustained at home.

It should be particularly noted that, under this treaty, Canada was still to continue the policy, adopted in 1897, of giving to Great Britain preferential rates; which would still have admitted all British products to the Canadian markets, upon the payment of duties 33 1-3 per cent less than those fixed by the proposed treaty upon American exports to Canada.

Surrender of the home market.

The most impressive thing about this proposed agreement was that it provided for the free admission into the United States of Canadian agricultural products. That is to say, it surrendered free to about eight million inhabitants of Canada the market made by ninety-two millions of people in the United States, for the sale of cereals and provisions in the greatest and best market in the world.

Another feature of the message was most unusual: It laid before Congress an agreement which had been already signed by the representatives of the two governments; thus forcing upon Congress the alternative of either rejecting it as a whole or adopting it in its entirety.

The treaty was presented to Congress at a time when the people of our great cities were suffering from and complaining of the high prices of meats, eggs, poultry, butter, cheese and other provisions; hence it was hailed in the cities and manufacturing centers as a means of relief from what was believed to be extortionate prices.

The provision which secured to our newspapers free print paper from the mills of Canada, brought to its support almost the entire American press. Of course, the treaty was warmly indorsed by the Democratic party, the importers and all advocates of free trade or low tariffs. On the other hand, the proposal to put farm products on the free list and to deprive the American farmer of every vestige of protection to his products in his home market as against those of Canada, at once aroused the united opposition of our agriculturists; while it was denounced by the consistent protectionists of the United States as a violation of the fundamental principles of the American System and an entering wedge for the overthrow of our entire protective policy. Indeed, it was regarded by the most devoted American protectionists as the hardest blow that had been administered in this country to the cause of protection since 1857.

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As the treaty was more carefully analyzed and the fundamental economic principles involved were more clearly understood, the more decided and pronounced was the opposition to it among the sound protectionists of the Republican party.

The high character of President Taft, and his known devotion to what he believed to be for the welfare of his country, commanded the most searching examination of the industrial conditions existing between the two countries and the great economic principles upon which the doctrine of free imports in competing commodities rests for support.

The great principles upholding the policy of the American protective system rest on a scientific basis which presidents, cabinet officers or legislators cannot change by any device or method whatsoever, any more than they can change the law of gravitation.

There stand arrayed against President Taft's deliverances on this proposed Canadian treaty all the wiser words of our great protectionist statesmen who have shaped the destinies of this country since 1789. The proposed Canadian treaty was not based on the true principles of reciprocity in trade; and to call it a reciprocity treaty was a misnomer. For there can be no reciprocal trade in *competing* commodities.

So far as trade between two nations in such commodities is entirely unrestrained, it is free trade pure and simple, and so it can be justified by the doctrines of free trade; but it is in direct antagonism to the principles of protection.

The Fundamental Principles of Protection Violated.

The argument that the principles of protection are not applicable to trade between nations whose wage scales and costs of production are the same, is unsound. The essential purpose of protective duties is to preserve the home market to domestic producers by the exclusion of competing commodities. This is the very essence of protection as applied against each other by European nations whose wage scales and consequent costs of production are about the same. The development of natural resources, the employment of home labor, and the vigorous, active and prosperous condition of home industries are attained through protection which disarms that system of dumping so injurious to a nation's domestic industries, a system made possible and encouraged by free trade. The familiar expressions, "protection to the home market"; "protection to native industries"; "protection to American labor"; "protection to agriculture," in the logical result mean a protected market.

Prior to 1860, and especially before 1832, even when the cost of production was about the same, in those industries which were still

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carried on by hand workmanship in America and the Old World, protection to American industries of that nature was nevertheless urged by the protectionists of the period, to secure to American labor and capital the home market and prevent its being flooded by surplus foreign commodities. This phase of the protective policy was ably discussed by Stephen Colwell in a statement submitted to Congress in 1849 by a committee of a convention of ironmasters of Pennsylvania.[1] Since 1865, however, wages have been so much higher in the United States than in foreign countries that, in all our tariff discussions, this great disparity in wages has commanded almost the entire public attention. Nevertheless the principle underlying the policy of protection has not changed and it applies as well as it ever did in all cases where our domestic producers might be injured by the dumping upon their home market of the surplus of other countries, whether from farms or factories. Hence it is a mistaken idea that, without violating the fundamental principles of the protective policy, we may now so legislate as to permit the unlimited dumping of Canadian or any other foreign farm products upon our market.

Basis of protection.

The Home Market.

A protected home market for the American farmer is the corner stone of the American System.

The United States has been built up by following the advice of such statesmen as Washington, Hamilton, Jefferson, Madison, Jackson, Lincoln, Grant, Blaine, McKinley and Reed. Jefferson said in 1816: "We must place the manufacturer by the said of the agriculturist." In 1789, from Maine to Florida we were a nation of farmers, without a market for our produce. By protection we have created in America the greatest market the agriculturists of any country ever enjoyed; and we have become the greatest manufacturing nation in Christendom. The proof of this assertion is the fact that every competing manufacturing industry established in this country since 1784 was established after protective duties were imposed. All such industries on our soil owe their first existence to protection; and all of them are maintained to-day by protection. It was the unity of interest between the Northern farmers and the manufacturers which built the nation, created its wealth, secured opportunities for labor, brought in capital, attracted skilled laborers, and planted the industrial arts in America. Farmers from England, Scotland and Ireland (fleeing from free trade England and taking shelter under protection), Danes, Swedes, Norwegians and Germans peopled our States and transformed a wilderness into the richest and most

Jefferson and Jackson.

[1] Vol. II, pp. 435 to 439.

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habitable country in the world. The farmers themselves become the best market in the world for the products of our factories; and our manufacturing cities have in turn become the best markets in the world for the products of our farms. Thus, from the wealth created by industry, our producers have made possible the prosperity enjoyed in all non-producing trades and occupations. The Northern farmer, by his vote, has made protective laws for the artisans and manufacturers possible ever since Hamilton's great report in 1791.

The Farm and Factory Must Stand or Fall Together.

The farmers of the North have been told by all of the great constructive statesmen that, by establishing a system of manufactures and diversifying labor, there would be created for them a great home market, which, under the law of supply and demand, would secure good prices for the fruits of their toil. This was never so fully realized by them as during the years following the enactment of the Dingley law in 1897.

To an arrangement so unfair as that embodied in the Canadian treaty, our American farmers would never submit. If they found that by the votes of the cities they were doomed to face free trade in their products, they would turn against the cities and by their votes force free trade upon all the manufacturers in the country; and all would go down together. The tariff reformers would thus have accomplished their purpose; bankruptcy and ruin would rule throughout the country; and history would simply have repeated itself.

Unity of interest.

The fundamental purpose of the protective policy in America was the creation of employment. This was the object in establishing manufactories. By doing this we created a home market for farm products and enlarged the employment of the tillers of the soil. Thus the original purpose was fulfilled and employment was increased until our farmers were supplying us with practically all our food and our artisans with all our implements, tools and fabrics. The whole policy was established, therefore, for the benefit of the producers. Those engaged in trade and transportation are the agents of the producers, having interests subordinate to those of the producers.

The Canadian Agreement and the Constitution.

The Constitution vests in Congress the power to impose duties on imports for the purpose of regulating trade with foreign nations. It is purely a law-making function of the legislative branch of the government and should not be encroached upon by the treaty-making power. This principle was recognized in the submission of the treaty to Con-

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gress to be enacted into law. While in form it was a tariff law, yet it was in fact an agreement which as to a single article named could not be changed by a subsequent Congress without thereby violating and repudiating the whole pact; so that if in the future it had been discovered that it required amendment in some particular in order to prevent injury, nevertheless it would have to stand or fall as a whole. This effort to inflict free trade on the American people by a perpetual agreement, was clearly in violation of the spirit if not of the letter of the Constitution. Such an arrangement was most assuredly not contemplated by the framers of the Constitution; for they lodged with Congress the sole power and authority to fix rates of duties on imports without power to bind its successors by any compact or to entangle the subject with trade agreements which might lead to the disruption of friendly relations with foreign powers or even to a foreign war.

Most favored nation.

Moreover, the United States, following the advice of Washington as given in his farewell address, has sedulously avoided entangling alliances with other nations; and recognizing the wisdom of treating all nations alike, it has inserted in its commercial treaties the so-called most-favored-nation clause, the upshot of which is that all nations are treated practically alike by this country, the effect of the clause referred to being that a favor extended to one nation operates for the benefit of all other nations entering into similar treaties. Had this reciprocity agreement been accepted by Canada, the United States undoubtedly would have been met by demands from other nations claiming the right to like treatment with Canada in the matter of the admission of their products to our market. In that event, of course, the entire free trade press of the country would at once have become the champion of any foreign power making such a claim, and a controversy would have sprung up which might have greatly embarrassed this country and perhaps have resulted in serious complications. As long as the United States government pursues an independent industrial and commercial policy of its own, placing all nations on an equal footing, it will not afford opportunities for discrimination against our products in foreign markets. Trade agreements are simply sharp bargains driven by diplomats, in which one side or the other, as Bismarck said, is sure to be cheated. Hence, instead of entering into special trade treaties, like the one lately proposed with Canada, much the wiser and simpler course is for the United States, through Congress, to regulate commerce with foreign nations by its power to lay duties on imports, which duties must stand four-square before the world and affect all nations alike. In this connection Abraham Lincoln's query, "Can aliens make treaties easier than friends can make laws?" is very much in point.

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The Treaty Violates the Law of Domestic Exchanges.

One of the chief benefits accruing to a nation from protection arises from the sound economic principle that the wealth of a nation is measured by what it produces and not by what it buys and sells abroad. Hence, anything which diminishes production, inflicts injury on the whole nation, because it is not only the producers who suffer, but all non-producers as well, since the latter depend for their security and happiness upon the industrial classes, who make up the vast majority of every civilized nation's people.

Another great principle of political economy approved by Adam Smith and the greatest economists and statesmen of the world, is that domestic exchanges are worth twice as much to a nation as foreign exchanges. For instance, if we exchange $1,000,000 worth of our agricultural implements with Canada for $1,000,000 worth of wheat produced in Canada, it adds just $1,000,000 to the spendable income of each country. But $1,000,000 worth of agricultural implements made in Illinois and exchanged for $1,000,000 worth of wheat produced in North Dakota, adds just $2,000,000 to the spendable income of the United States. If we buy $50,000,000 worth of grain and provisions in Canada we increase the spendable income of the Canadian people by that amount, some of which will go to the support of the general and local governments of Canada, and the rest to Canadians of all professions, trades and employments, and thus help to build up Canadian production and so encourage and enrich Canadian producers; all of which augments the wealth of a foreign country. On the other hand, the same amount of grain and provisions obtained by Americans from American farmers would all go to enrich the people of the United States. It has been by the application of this great law of exchange to the industrial policy of the United States that we have become the greatest people in the world in manufacturing and agriculture, and therefore the richest and most prosperous.

Value of home trade.

The Export of Agricultural Implements.

Advocates of the Canadian agreement said: "We will sell more agricultural implements to Canada." This is true. But why? Simply because free trade would increase the production of Canadian grain for our market; and perhaps not alone for our market, but also for other markets where they would compete with our exports of the same kinds; the effect of all of which would be either to limit the products of our farms, or positively to diminish their volume.

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It is hard to understand where our manufacturers of agricultural implements and machinery would have benefited by this treaty, for while this process of Canadian agricultural development was going on, the sale of such products here would contract as rapidly as it expanded in Canada; so that whatever our implement manufacturers gained abroad, they would lose at home. But one is constrained to ask upon what principle of justice and equity Congress should legislate to cripple the American farmer for the sake of stimulating the export of American agricultural machinery?

Americans have been the great inventors of agricultural tools and machinery, and by the export of these things to France, Germany, Russia and other countries in continental Europe and in South America, the agricultural yield of the world has increased many fold. Indeed, the chief cause of the growth and progress of the nations of Europe during the past half century has been the use of American farm machinery and the protection of agriculture. In fact, the development of agriculture throughout Europe from this cause has been so great that the demand for foreign food has relatively greatly declined. France has become the richest nation in Europe because she has protected her agriculture for more than one hundred years, and a distinctive feature of Germany's industrial policy is protection to agriculture. Belgium, Sweden, Norway, Denmark, Russia and Austria are all pursuing the same course and fostering by protective duties the cultivation of their own soils.

Need of a home market.

Why, then, should we open our market to the free admission of the cereals and provisions of Canada when the market abroad for our own products is slowly but surely being diminished year by year?

American Agriculture Would Be Injured.

The throwing open of the American market to the farm products of Canada would have the same effect on the value of farms and farm products in the United States as the shipment of farm products from the States west of the Mississippi to our Eastern States had on the same values throughout the latter section of our country between 1870 and 1890. The conditions are identical; and even if the result, which necessarily would be the same, did not come at once, it would surely come in the end by constantly increasing inroads on our market, as Canada became more densely populated and her practically inexhaustible virgin soil was brought more and more under cultivation. But from the very start, abandoned farms all over our States within hundreds of miles of the Canadian line would become common features of the landscape, and the value of all our farm lands almost immediately would be depressed.

The losses inflicted on the farmers of the Eastern States by the

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development of the West was shown by Joseph G. Cannon in his speech before Congress April 19, 1911. He said:

Speech of Mr. Cannon.

Now, I want to say to the gentlemen from New York and Massachusetts and New England that in the last 10 years hundreds of millions of dollars have been added to the value of your farm lands—enough to make up for the loss sustained prior to 1900, while we were developing the great West.

New York and New England had 7,200,000 acres of agricultural lands abandoned between 1880 and 1900. There was a reduction of $260,000,000 in the value of farm lands and buildings in the same States in the same period.

Ohio also lost $91,000,000 in the value of farm lands and buildings in the same time.

Illinois increased the value of farm lands and buildings in the same time $756,000,000.

The losses in the East have been recovered in the last 10 years.

New England increased the value of farm lands and buildings $183,000,000 since 1900.

Connecticut had a loss of $24,000,000 in such values from 1880 to 1900 and a gain of $39,000,000 from 1900 to 1910.

Maine had a loss of $6,500,000 in such values from 1880 to 1900 and a gain of $61,000,000 in the last 10 years.

Vermont's loss for the 20 years prior to 1900 was $26,000,000, and her gain since that year $29,000,000.

New Hampshire lost $5,500,000 from 1880 to 1900 and gained $15,500,000 in the last 10 years.

Massachusetts lost $19,000,000 in the value of farm lands and farm buildings between 1880 and 1890 and gained $54,000,000 in the same values in the last 20 years, $33,000,000 of that increase being credited to the last 10 years.

Rhode Island lost $2,000,000 in similar values from 1880 to 1900, and gained $4,000,000 from 1900 to 1910.

The losses in value on farm lands and farm buildings from 1880 to 1900 in New England alone amounted to $83,000,000, and the gains in the same section in the last 10 years amounted to $183,000,000.

New York's farm lands and farm buildings were worth $168,000,000 less in 1900 than in 1880 and $288,000,000 more in 1910 than in 1900.

Prosperity of Eastern farmers.

The Empire State in the last 10 years recovered her losses of the preceding 20 years and added $120,000,000 as a net gain over the values she had in 1880, when her farms began to decline.

The average value of farm lands per acre increased in the last 10 years as follows:

	Per cent.
Maine	75
Massachusetts	32
Vermont	30
Connecticut	43
Rhode Island	17
New Hampshire	40
New York	31

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Pennsylvania	14
Illinois	106
Indiana	94
Iowa	120
Michigan	33
Minnesota	76
Missouri	104

So I say that the renaissance in agriculture has come to the East as well as the West, and by this legislation you propose to check that return of the American farmer to his old-time prosperity.

To repeat the words of Mr. Cannon, why check the return to the American farmer of his old-time prosperity by making at any time a treaty of this kind with Canada? With her vast areas of cheap, undeveloped land, even now she is the great competitor of the United States in nearly all agricultural products. As Mr. Cannon pointed out, these long-suffering sisters in this family of States making up our common country are now recovering from the disorganization of their industries which went on for so many years under free Western competition and are entering upon a new period of growth and prosperity. Why check this good work? Why flood the East with Canada's garden truck, poultry, eggs, milk, butter, cream and the like, to the wanton injury of all Eastern farmers? And why allow our neighbor of the North to flood our markets with wheat, oats, barley and other cereals and so depress the prices of these things that our Western farmers would be thrown back to the conditions of twenty years ago and thus lose all they have gained since the panic of 1893 and the years of low-tariff depression which followed?

Pertinent questions.

The farmers of the United States so clearly foresaw that such a treaty as the one proposed with Canada would result in irretrievable ruin to them all, that they arose almost as one man against it; and their steadfast champions, our great agricultural papers and magazines, were practically a unit in the same direction; and never at any time was any argument presented in its favor sufficiently far-reaching to justify such a deadly assault upon the chief industry of the United States.

How Canadian wheat would overwhelm the American farmer in his own market, was shown by Mr. Cannon, whose language on the subject was, in part, as follows:

Wheat Lands in Canadian Northwest.

Now, how much wheat did Canada produce in the year 1909? In round numbers, if I recollect right, 166,000,000 bushels. Where was it grown? All except

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Canadian wheat production.

about 19,000,000 bushels grown in eastern Canada was produced in Manitoba, in far-away Saskatchewan, in far-away Alberta, with a very little bit in British Columbia. That shows what that new country can do. How much of the land there is under cultivation? Under cultivation in these three Provinces last year there were less than 12,000,000 acres. What says the deputy minister of agriculture of the Province of Alberta? George Harcourt, deputy minister of agriculture for the Province of Alberta, in 1909, made this report:

"Of the country which is known the area capable of producing grain is 220,000,000 acres. The total area in crops last year was 11,257,870 acres, producing a total crop of 240,000,000 bushels. The unoccupied land in the future will produce at least 5,000,000,000 bushels. This is not the end. There is a great northern country, the McKenzie Basin, which is capable of producing grain."—(Canadian Yearbook.)

I cite the following production in the United States and Canada, and the figures are taken from official government reports:

Wheat statistics.

	Bushels.
Wheat produced in United States, 1910	691,767,000
Wheat exported, bushels 24,257,392	
Flour exported, 8,370,251 barrels=bushels 35,666,129	
	59,923,521
Wheat consumed in United States	631,843,479
Wheat produced in Canada, 1909	166,744,000
Wheat exported, bushels 49,000,000	
Flour exported, 1,000,000 barrels=bushels 4,500,000	
	53,500,000
Wheat consumed in Canada	113,244,000
Wheat produced in Canada, 1909	166,744,000
Wheat produced in Manitoba, bushels 52,706,000	
Wheat produced in Saskatchewan, bushels 85,197,000	
Wheat produced in Alberta, bushels 9,579,000	
	147,482,000
Wheat produced in remainder of Canada	19,262,000

The three Provinces of Manitoba, Saskatchewan, and Alberta produced this yield of wheat with less than 12,000,000 acres under cultivation. They have an available area suited to the cultivation of wheat of 220,000,000 acres.

	Bushels.
Average yield of wheat per acre, Canada, 1909	21½
Average yield of wheat per acre, United States, 1909	19½

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Wheat statistics, 1910.

[Crop Reporter, Department of Agriculture, 1910.]

United States wheat production.

	Bushels.
Minnesota	94,080,000
North Dakota	36,105,000
South Dakota	46,720,000
Washington	25,603,000
Oregon	16,413,000
Idaho	12,603,000
Montana	10,470,000
Total	241,994,000

Wheat produced in Southern States (including Kansas and Oklahoma).

	Bushels.
Maryland	13,816,000
Virginia	10,176,000
West Virginia	5,125,000
North Carolina	7,433,000
South Carolina	4,983,000
Georgia	2,730,000
Missouri	25,130,000
Kentucky	9,600,000
Kansas	62,068,000
Tennessee	10,647,000
Alabama	1,560,000
Mississippi	78,000
Texas	18,780,000
Oklahoma	25,363,000
Arkansas	2,710,000
New Mexico	860,000
Arizona	379,000
Total	201,438,000

American Farmers go to Canada.

Emigration of Americans.

But some one says: "Mr. Cannon, our improved lands are substantially the same price as Canadian improved lands." Granted. The price of improved lands in the farming districts of New York is substantially the same, as I understand, as those in Ontario, and perhaps the price of land in Massachusetts, Vermont, and New Hampshire is substantially the same as the price of land in Quebec and perhaps in Nova Scotia. I am only approximating; but let us see. When you lose an industrious farmer who understands the science of farming, with his wife and his children, you lose more than money. A few days ago Mr. Earling, manager of the Chicago, Milwaukee & St. Paul Railroad and brother of its president, did me the honor to call on me to pay his respects. I was glad to see him. I asked, "Are you

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carrying lots of home seekers on that great road of yours?" He replied, "A good many." I inquired, "Where are they going—to the Dakotas and on to Montana and Washington?" "No," he replied, "we are carrying more than we ever carried, but we are only carrying them as far as Minneapolis." I asked him why they stopped at Minneapolis, and he answered, "They transship for Manitoba and Saskatchewan and Alberta." One-half, two-thirds—yes; more than that—of the 200,000,000 acres of land in the Province of Manitoba, Saskatchewan, and Alberta—and a great portion of them are as good as the sun ever shone upon—may be homesteaded, and if a man lives on the homestead for a year and turns the sod on 30 acres, he takes title in fee. Then he can buy an adjacent quarter section, if it has not yet been taken up, at the government price. In addition, there is much of the 55,000,000 acres of land granted by the government to the railways which is subject to settlement on favorable terms. And yet Liverpool fixes the price of our grain, say my friends who agree with the President, and all this will not make any difference in the price!

Now let us inquire about that. The freight rate on wheat from Winnipeg to Liverpool is less than it is from Minneapolis to Liverpool. I have made inquiry about this, and I speak by the book. Will some gentleman be kind enough to explain to me in his own time why it is, under such circumstances, that the price of wheat, equal in quality, as shown by the report of the Tariff Board called for by a resolution of the Senate, averages from 10 to 12 cents more per bushel the year round in Minneapolis than in Winnipeg? Last year the magnificent crop of wheat in the United States, amounting to nearly 700,000,000 bushels, was all consumed in the United States except about 60,000,000 bushels.

What was the per capita consumption of wheat in the United States last year? Nearly 7 bushels. What a contrast that is to the condition in 1894. In that year, in spite of a good crop of wheat in the United States, conditions were bad. I am not stating why they were bad; I am not seeking to play politics by referring to what happened while the Democratic party had full possession of the government; but I call attention to it in order to illustrate the point. In the four years from 1893 to 1897 there was a minimum of consumption of wheat—not more than about 4 bushels to each inhabitant. If I recollect aright, for one year, 1894, it was less than 3½ bushels. In that year of lowest per capita consumption the price of wheat was the lowest we have had in 50 years—less than 50 cents a bushel to the farmer. What was the reason? Who buys the wheat after the farmer consumes his share? The other two-thirds of the people in the United States. A falling off in the consumption of wheat at the rate of 1 bushel to each inhabitant in the United States represents a loss of 92,000,000 bushels. Last year we had a great crop, and more than six-sevenths of it was consumed here. Less than 70,000,000 bushels of it went abroad.

Wheat consumption.

Between 6 and 7 bushels per capita was retained in this country for consumption. Why? Because our people—the men on the railroads, the men in the factories, and in other branches—were fairly well employed. They received increased wages. There was a great cry raised by politicians, by the college professors, and others as to the high cost of living; and yet two-thirds of the people, I will say to the gentleman from New Jersey, earned sufficient wages to consume 6½ bushels of wheat to each man, woman, and child, and they had the wherewith to pay for it. In the four years from 1893 to 1897 the average consumption was a little less than 4 bushels per capita. Why? Hundreds of thousands of men were tramping; three or four millions of men were out of employment, or on short employment.

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Farm Prices of Agricultural Products Decline.

Let us pursue that policy whereby we adjust our production so that it is consumed substantially in the United States. Let us do as other nations do, and pursue that policy which is for our best interest. When a man says to me that Liverpool fixes the price of grain for this crop of over 600,000,000 bushels of wheat, five-sixths of which is consumed in the United States, I say to him that I will believe him when he shows me that the tail wags the dog.

Since the election on the 8th day of November last, when our Democratic friends succeeded in carrying the House of Representatives by a majority of over 60, the farm price of agricultural products in the United States has decreased more than 25 per cent. The value of the product of labor and effort in other lines of industry, however, has not depreciated since that event. The wages of the employe in the factory, on the railroad, and in the mine have not been reduced, and I hope they will not be, although I could wish that there were a surer foundation for the hope than at present exists.

Effect of election on prices.

The cost of food products to the ultimate consumer, after they have passed through the hands of those who distribute, has not decreased in any commensurate proportion to the decrease in the farm price of agricultural products; in fact, prices at retail are almost as high, considering the season, as they were last November.

The farmer is not to blame for this condition. Although the farm value of his products has decreased over one-fourth, there have been no strikes on the part of the farmer. He is patient, patriotic, loyal, and is willing to bear his share of losses which come under the natural laws of trade. He is willing to submit to that law which should regulate all commerce in the United States, namely, the regulation of price by the supply and the demand.

I ask the question, What would have happened in the United States if the compensation of those who employ labor had been reduced one-fourth and if the wages of labor on railway, in factory, and in other industries had been cut in proportion? All over the country men now employed would be idle. There would be strikes, disorder, and panic, involving bankers, merchants, and the whole body politic.

Notwithstanding all this, the Democratic party, with their enormous majority in the House, will pass this miscalled reciprocity bill, which will result in prosperity for our Canadian neighbors and bankruptcy for those engaged in agriculture in the United States.

This result may not come in a day, a week, or a month, but if this bill is enacted into law so long as it remains upon the statute book the situation will grow more and more acute, and while the burden will rest primarily upon those engaged in agriculture, no man lives to himself alone. Whatever injuriously affects the one-third of our population engaged in agriculture must inevitably react on and injure the other two-thirds. When the ability of the one-third to purchase the products of the other two-thirds is impaired, there must necessarily be a halting and slackening of production in all lines of industry, and we will have widespread panic and bankruptcy.

As is well known, the chief argument which secured among thoughtless people a favorable view of the treaty was that it would reduce the

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Cost of living.

cost of living in the United States; for the people of our cities and towns were asked to believe that the cost of their food would be materially reduced. Yet, singularly enough, before the campaign closed, many of the very ones who had, in the outset, most earnestly urged the adoption of the measure on that ground, changed their position and laboriously explained why our people should not expect the prices of farm products to be materially reduced thereby. When this was admitted, the only valid reason for its negotiation seemed to be swept away. For, what other great public end could be accomplished by it? Why was it, then, to be negotiated? And why should it be defended? The reason for so radical a change of view on the part of those who, on the ground that the higher cost of living in the United States had come from the practical exhaustion of our supply of fertile land, had initiated and strongly championed this treaty, seemed to be that, as the discussion of the question proceeded, a more careful inquiry had been made into the relation of the prices which American farmers had been receiving for their products to the prices which consumers had been paying therefor, with rather surprising results. After what seemed to him a satisfactory investigation, Secretary of Agriculture Wilson said on this point:

> From the details that have been presented with regard to the increase of the prices of farm products between farmer and consumer, the conclusion is inevitable that the consumer has no well-grounded complaint against the farmer for the prices that he pays.
>
> After consideration of the elements of the matter, it is plain that the farmer is not getting an exorbitant price for his products, and that the cost of distribution from the time of delivery at destination by the railroad to delivery to the consumer is the feature of the problem of high prices which must present itself to the consumer for treatment.

The farmer and the middleman.

So it appeared that the great margin between the prices which the farmers were receiving and those paid by the consumers was absorbed by the middleman, or the man standing between the producer and the consumer. As Mr. T. C. Lylin, Master of the Ohio State Grange, said: "The middleman to-day gets 65 cents on every dollar the consumer pays; the farmer gets 35 cents." To meet the objection that the prices of American wheat ought to be lowered by the treaty, Senator Carter, in a report made by him on the subject, declared that Canadian wheat would be handled by the great elevator and grain merchants of the United States who would bring it into the United States and store it and only release it as prices were satisfactory to them; which of course would keep prices up. In the discussion, it was also declared that the commission houses dealing in poultry, eggs and dairy products, in spite of the

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free admission of similar articles from Canada, by their facilities for storing and preserving them, would still control the market and instead of lowering, might greatly increase prices to the consumers. To do this it was contended that it would merely be necessary for commission merchants to enlarge sufficiently their cold storage plants and do as they had before done with the American producer, namely, buy all of these things produced by Canada, even before the eggs were laid or the chickens hatched or the butter or cheese manufactured, and hold them for high prices; the conclusion being that the remedy for the evils complained of was not to strike at the American farmer, but to enforce laws made to restrain monopoly of the necessaries of life.

Basis of prosperity.

It was a most unfortunate circumstance that the Canadian agreement was brought forward at a time when the prices of necessaries were abnormally high in the United States. This fact made many support the proposition through a mistaken sentiment rather than the exercise of cool judgment. The history of our country, and in fact of all active industrial countries, shows that periods of prosperity and good prices come and go, followed by those of depression and low prices; that is, that the pendulum swings back and forth. We have good times and hard times resulting from many causes; hence conditions which are necessarily transient should not be made the basis of a settled national policy affecting the material interests of a large portion of our producers. The permanent prosperity of the United States rests upon two conditions: (1) The full employment of labor at good wages; and (2) good prices for the products of the farm. When the prosperity of the farmers and laborers of the country is secure, that of all other interests surely follows.

Would the Consumers Really Be Benefited?

Hon. Edward L. Hamilton of Michigan, in a speech in Congress on April 28, 1911, which he entitled "Planting on Shares with Canada," said:

I said a moment ago that the law of supply and demand might be affected by sociological conditions.

Fifty per cent of our population has become congested in the great cities of this country, and the undisguised purpose of this arrangement is to require farmers to furnish cheaper food to the people who live in large cities.

The farmer's burden.

Such a thing as to select one grand division of our industrial life for compulsory contribution to all the rest has never been done before.

Now, setting aside the question of the justice or the injustice of this proposition in a government of supposed equal rights for all and special privileges to

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none, would this "expropriation"—to adopt a socialistic term—of the proceeds of the farmer's toil for the benefit of the people engaged in manufacturing and mechanical pursuits, for the benefit of the people engaged in trade and transportation, for the benefit of the people engaged in professional and domestic service, accomplish the results expected?

This means that twelve and a half million people engaged in agriculture are to be levied upon for the benefit of the other 80,000,000, among whom are organized colossal corporate combinations which have challenged the attention of the world and contested the power of courts and legislatures to control them.

The Minneapolis price of wheat from January, 1910, to January, 1911, inclusive, ranged from 10 to 16 cents higher than the Winnipeg price.

It is a scientific fact that when two fluid bodies standing at different levels flow together, they tend to reach a state of equilibrium at a common level.

Imagine two ponds of equal size, one 10 feet higher than the other, separated by a narrow neck of land. Remove the barrier and the higher pond will fall and the lower pond will rise until they are exactly at the same height.

Apply this to the wheat areas of Canada and the United States. It is clear that the price of wheat will range lower in the United States and higher in Canada, by reason of this agreement, and that a price equilibrium will be reached. Who will get the benefit of it? It is certain that the farmer will lose it—that is foreordained by this agreement—but who will get the benefit of it?

If the people who live in the cities will not get the benefit of it, then this agreement is utterly indefensible from any standpoint.

The Evolution of a Loaf of Bread.

From the best information I have been able to obtain, about 72 per cent of a bushel of wheat becomes flour and about 28 per cent becomes shorts and bran. It takes, on an average, a trifle less than 5 bushels of wheat to make a barrel of flour, depending on the character of the season and the quality of the wheat. The wholesale millers' price of a barrel of flour ranges from $5.50 to $6.50 per barrel, and the price of bran ranges from $22 to $26 a ton. Bakers buy flour at jobbing prices, close to the millers' wholesale prices.

The middleman.

A bushel of wheat, according to the best estimates I can get, and I have gone to scientific sources to obtain this information, will make 60 loaves of bread, as bread is commonly baked in this country.

I know it was stated in the Senate that it would make 75 loaves, but I looked that up and I am satisfied that the Senator was wrong when he made that statement. Now, assuming that the farmer will lose 10 cents a bushel—and the less he loses the less the consumer will be benefited, of course—divide 10 cents a bushel by 60 loaves, do you suppose that the consumer of a loaf will get the benefit of that one-sixth of 1 cent after the bushel of wheat has traveled from the wheat field to the table of the consumer?

Suppose the farmer loses 5 cents a bushel, and divide 5 cents by 60 loaves. Do you suppose the consumer will get the benefit of that one-twelth of 1 cent?

Follow the bushel of wheat from the wheat fields to the miller, from the miller to the baker, and from the baker to the consumer.

I assume that before that bushel of wheat has become 60 loaves of bread it has first been sold to a wheat buyer, who gets his percentage for handling. Next, it has been carried, say, to Minneapolis by a railroad, which gets its percentage for hauling.

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Next it has been sold to a miller, who converts it into flour and makes his profit for handling and grinding, and in addition to that he has taken out the bran and shorts.

Next the flour has been sold by the miller to a wholesaler, who makes his profit for handling.

Next it has been carried by a railroad, which gets its percentage for hauling.

Next it has passed into the hands of a wholesale baker who transforms it into 60 loaves of bread and makes his profit for baking.

The loaves have been hauled by a railroad, which gets its percentage for hauling, and they have been handled by a retail grocer, who gets his profit for handling.

The wholesale bakers in big cities ship these loaves along the lines of railroads radiating from the big cities; they go to the little towns along the way, and there the retailers sell them to their customers for 5 cents a loaf.

How a bushel of wheat travels.

By the time that bushel of wheat has traveled from the wheat fields of the Dakotas or from Saskatchewan, or wherever it comes from, to the table of the consumer of bread it has paid storage, rent, clerk hire, delivery service, miller's wages, baker's wages, miller's profits, retailer's profits, and railroad, telegraph, and telephone service. Do you suppose the intermediate dealers and handlers along the way from the wheat fields to the ultimate consumer will not absorb the one-sixth or the one-twelfth of 1 cent per loaf? Do you suppose the ultimate consumer is going to get the benefit of that? Certainly not.

Mr. Martin of South Dakota. Will the gentleman permit a suggestion?

Mr. Hamilton of Michigan. Certainly.

Mr. Martin of South Dakota. Of course the gentleman has not overlooked the fact that it is doubly provided that he shall not, from the fact that on 4½ bushels of wheat a reduction of 10 cents represents 50 cents, and that is retained on the flour as soon as the miller makes it in Minneapolis.

Mr. Hamilton of Michigan. Precisely.

There is a vast difference between the modern machine-made porous openwork loaf and the bread made by the farmer's wife from the flour made from the wheat that the farmer hauled to the local mill; and there is a vast difference between the mill of to-day and the mill of a few years ago, and there is a vast difference between the population to which the mill was tributary a few years ago and the population to which the modern mill is tributary.

Wheat fluctuates from day to day in the markets, but the price of the commercial loaf never fluctuates.

All that fluctuates is the amount of bread in the loaf, and that fluctuates surreptitiously, and generally fluctuates downward.

Wheat has fallen off in price since this agreement was promulgated.

The farmers are thousands of dollars poorer by reason of it, but not a loaf has been bought cheaper by reason of it, and not an ounce has been added to the loaf.

It is unnecessary to follow the course of a bushel of oats or a bushel of rye from the field to the consumer, or to follow the course of a bushel of barley from the field to the vat of a brewer. The general result of loss to the farmer, no gain to the consumer, and profit to the middleman is the same.

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FREE IMPORTS OF FARM PRODUCTS RUINED AGRICULTURE IN ENGLAND.

Great Britain was the first great nation to force upon her farmers free trade in their products. This happened in 1846 when, under the leadership of Robert Peel and Richard Cobden, the British parliament repealed all duties protecting the British farmer. Up to that time, under protection, British agriculture had prospered, and the British yeomanry were the strength of the nation. But by the greed of the merchant classes they were sacrificed in order that England might become "the workshop of the world." To this end she wanted cheap food, which would permit the low wages which were necessary to cheapen production, that she might undersell all other nations in foreign markets. What was the result? Her agriculture was ruined; her farmers fled to America and other countries to find shelter under the banners of protection. From the beginning this unhappy result was inevitable. Slowly but surely, year by year, the British market for farm products was invaded by aliens, and by 1890 millions of acres of land in the British Isles had gone out of cultivation, and the rural districts were scenes of idleness and poverty instead of the industrial activity and the wealth which prevailed in protection times. In the latter year, a report to parliament showed that in rural England one in every five was a pauper. Thus, under free trade, England had become the dumping ground of the surplus products of the whole world, and, as a consequence, a land of constantly declining wages and a constantly lengthening pauper-roll.

By the indorsement of the Canadian agreement, the Republican party, for the first time in its history, would have been false to its own fundamental doctrines; for it would have permitted the promotion of a scheme to employ Canadian instead of American farmers to furnish a large share of the food consumed by Americans and thereby substituting foreign for a large part of present domestic exchanges. That such a scheme as this would have appallingly diminished the wealth of the nation, there cannot be the slightest doubt.

Protection to agriculture.

Protection to agriculture has played an important part in the settlement and growth of this country. The first comprehensive plan to protect our agriculture was adopted in 1824. The duty then fixed, of 25 cents per bushel on wheat and other amounts on other farm products, which secured to the American farmer his home market, induced English, Irish, Scotch, Swedish, Norwegian, Danish and German immigrants, as well as those of other nationalities, to settle on this side of the Canadian border and become American instead of Canadian farmers. The influence of this legislation, in protecting American farmers, has been operating in favor of the United States now for nearly ninety years; and one has only to familiarize himself with farm values and

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financial conditions on the northern and southern sides of our Canadian boundary, and, in addition, to note the difference in the comfort and independence of the farmers on the American and Canadian sides, respectively, to be convinced at once of the wisdom of our policy which protects the American farmer. With our farmers exposed to free trade with Canada, what inducement would remain for reclaiming abandoned farms in New York and New England? What inducement would remain for immigrants to settle on our side instead of on the Canadian side of the border? Indeed, would not this free trade treaty between Canada and our country have compelled millions of our own citizens to emigrate to Canada and become British subjects? Mr. Ingham of Pennsylvania, speaking of free trade in farm products, when the act of 1824 was before Congress, said: "It is a policy to promote the cultivation of the soil of a foreign country"; and this remark of Mr. Ingham's exactly applies to the proposed Canadian treaty.

If the principle involved in this agreement were adopted, where could we stop? How could we consistently thereafter protect any industry whatever? For example, what reason could we give for protecting the fruit growers of the Pacific Coast or of Florida? Or for protecting our tobacco growers, or growers of sugar cane and sugar beets? And if there was then no reason why any industry such as these should be protected, what reason would remain for protecting any other industry whatsoever? For, if we should buy farm products in the cheapest market, wherever that might be, the same logic would compel us also to buy factory products in the cheapest market. *Dangers.*

The Republicans who favored the Canadian treaty did not seem to realize just what they were doing, or how utterly they were repudiating the whole doctrine of protection. It was because of the resistance by the protectionists of 1832 to free competing imports that South Carolina took her famous stand for nullification. Again, it was the demand for free competing imports by the Democratic party, under the leadership of Calhoun, which eventuated in the Democratic doctrine of a tariff for revenue only, which has remained the cardinal doctrine of that party down to the present day. No protectionist, since Hamilton outlined the protective policy, has ever favored free competing imports under any circumstances whatever. Blaine, Harrison and McKinley, who were sponsors for the reciprocity treaties of the late Harrison administration, specifically confined their scope to non-competitive products, a policy which McKinley expressly emphasized in his Buffalo speech in September, 1901.

But no proposal of the Democratic party, since 1860, has gone as far towards free trade as did this Canadian treaty indorsed by a Repub-

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lican president. And before 1860, such Northern Democrats as Silas Wright, Thomas Benton and James Buchanan even favored a tariff for revenue so arranged as to give incidental protection. But this scheme for reciprocity in competing imports has in it not even the element of incidental protection. As far as it went, it was for free trade pure and simple in a long line of commodities of the most intensely competitive order. This principle of absolute free trade in competing products once admitted, for the purpose of depressing prices in America, where would it stop? Why, thereafter, would not the whole scheme of protection become indefensible? This strikes at the root of the whole question. It is fundamental.

Experience.

The champions of the Canadian treaty said it would cultivate friendly relations between us and the Canadians. Had our relations been unfriendly? The only threat of such a condition arose from the treaty itself, which would have embittered thirty millions of American farming people against the nation whose products under the free trade of the treaty were destroying the American farmer's market. They said Canada was our neighbor. True; but still she was a province of a foreign power, an integral part of our greatest commercial rival, a rival which for more than two centuries had used every means within its power to prevent our commercial and industrial development. And if we had not rejected her doctrine of free competing imports, we to-day would be a commercial vassal of the British nation. This rival of ours, whose daughter we were thus to espouse by free trade, is a past master in getting, by reciprocity treaties, markets supposed to be closed to her by protection. Having ruined the industries of Turkey and of India by direct free trade in competing products, by a reciprocity treaty with Portugal she secured free entry to the Portuguese market, which resulted in the ruin of Portuguese manufacturing; and Portugal, Turkey and India have since remained in commercial degradation. Furthermore, by eighteen commercial treaties with European countries, engineered by British diplomacy, between 1853 and 1867, England, through the most-favored-nation clause, overthrew protection in the Old World and opened the doors of all its peoples for her products. In a few years continental Europe was in great distress, because its industries were being ruined. But the eyes of the nations of that great center of industrial civilization were at last opened to the folly of such treaties, and they returned to protection as fast as these treaties could be terminated. Germany under Bismarck and France under Thiers repudiated the doctrine of free competing products, and the amazing industrial development which has since occurred in those countries is the logical result. France has protected at least her agriculture since Napoleon the First. For it was the great Napoleon

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who said, "Spain has 25,000,000 merinos; I wish France to have 100,000,000"; and France, by protection to agriculture, soon became the richest nation in Europe.

Free Imports of Farm Products Repudiated by the Republican Party in 1866.—The First Reciprocity Treaty with Canada.

As a part of the free trade program of the Southern planters, the markets of the United States were opened to the free entry of Canadian farm products on March 16, 1855, by an act of Congress approving a reciprocity treaty ratified between the United States and Canada September 11, 1854. The treaty was binding on the parties for a period of ten years, after which time it might be terminated by either of the contracting parties. It provided for the free admission into both countries of the following commodities: grain, flour and breadstuffs of all kinds; animals of all kinds, and fresh, smoked and salted meats; fresh and dried fruits; fish of all kinds; poultry and eggs; hides, furs and skins; stone or marble in its crude or unwrought state; butter, cheese, tallow and lard; coal; pitch, tar, turpentine, timber and lumber of all kinds; pelts, wool, flax, hemp and tow; unmanufactured tobacco, and a few other articles.

Republican party principles.

Under this treaty, no concessions were made by Canada favorable to the admission into Canada of American manufactures. It was negotiated *solely* in the interest of the plantation States. Their cotton, tobacco and rice were to go to Canada, free of duty; and, by reciprocity the grain and provisions of Canada were to flood the American market, for the purpose of depressing the prices of the farm products of the free States, solely in order that the planters might purchase provisions for their slaves at lower rates.

This treaty was not entered into by officials representing the United States to promote the general welfare, but rather to further sectional interests. It was a part of the free trade policy of the Democratic party and was specifically devised to stimulate the importation of grain and provisions into the already glutted American market, for the purpose of still further depressing prices for the benefit of the planters.

E. N. Elliott, president of the Planters' College of Mississippi, in his great work entitled "Cotton is King," written in the defence of slavery, page 96, said:

> At the date of the passage of the Nebraska bill, the multiplication of provisions by their more extended cultivation, was the only measure left that could produce a reduction of prices and meet the wants of the planters. The Canadian Reciproc-

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ity Treaty, since secured, will bring the products of the British North American colonies, free of duty, into competition with those of the United States, when prices with us rule high, and tend to diminish their cost.

The effect upon domestic prices of free trade in competing commodities was as well known then as it has been since that time; and the treaty with Canada had precisely the effect intended. For the purpose of the treaty to depress the prices of farm products was then boldly avowed. There was no concealment or palliation of the end to be accomplished, and no blinking of the principles of free trade involved. For it was at this very time (1856) that the Democratic party, in its national platform, declared in favor of "free seas and progressive free trade throughout the world."

Our experience under this first Canadian reciprocity treaty proved exceedingly unfortunate. The injury inflicted by it on American farmers, especially along the Canadian border, caused such just complaint against it, that by a resolution offered by Mr. Morrill which passed the House of Representatives by a vote of 85 to 57 and the Senate by a vote of 33 to 8, the agreement was terminated on March 17, 1866. Charles Heber Clark, in his address before the Reciprocity Convention in Washington, November 19, 1901, gave the following account of how the treaty worked:

Reciprocity of that kind, reciprocity which permits articles which we do not produce to come into our country without duty has been tried, as you know, several times, and I shall give you very briefly the history of three of those experiments. My friend who has just left the platform alluded to the reciprocity treaty made with Canada in 1854. I presume because the time was so short he omitted to tell you how it worked out, but I shall tell you even if it does take some time. It worked out in a remarkable way. That treaty was in operation from 1854 to 1866, a period of twelve years, not including 1866. When we started to make that trade with Canada, we were selling Canada more than we were buying, and when we wound up, our exports during those twelve years to Canada fell off almost $1,000,000, and during the whole twelve years we not only made no headway, but lost ground.

Blaine and reciprocity.

Now, mark how it worked with Canada. When the treaty was put in operation Canada sold us $8,000,000, and when the treaty was wound up she was selling us $48,000,000; an increase of 500 per cent for Canada and a loss for us. Is it any wonder that the American people insisted that that treaty should be repealed and have refused up to this time to make another?

Mark another unsatisfactory state of affairs in that connection. When we negotiated that treaty with Canada in 1854, the balance of trade between this country and Canada was in our favor to the extent of $15,000,000, and when we got through with it it was against us and in favor of Canada $21,000,000. That is the way Canadian reciprocity worked in the period just before and including the war.

In 1892, when James G. Blaine was Secretary of State, Canada

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1783

attempted to negotiate another treaty, but its proposals were rejected when it appeared that the interests of the United Kingdom were to be considered as paramount in any agreement made. President Harrison in his message to Congress, December 6, 1892, said:

During the past year a suggestion was received through the British minister that the Canadian government would like to confer as to the possibility of enlarging, upon terms of mutual advantage, the commercial exchanges of Canada and the United States; and a conference was held at Washington, with Mr. Blaine acting for this government, and the British minister at this capital and three members of the Dominion cabinet acting as commissioners on the part of Great Britain.

The conference developed the fact that the Canadian government was only prepared to offer to the United States in exchange for the concessions asked the admission of natural products. The statement was frankly made that favored rates could not be given to the United States as against the mother country. This admission, which was foreseen, necessarily terminated the conference upon this question. The benefits of an exchange of natural products would be almost wholly with the people of Canada.

Preferential treatment of the mother country was regarded by both Mr. Blaine and President Harrison as an element which made reciprocity impossible.

In the absence of any treaty, and in spite of the preferential reduction of 33 1-3 per cent in duties granted in 1897 by Canada on imports from Great Britain, our trade with Canada was steadily improving with a constantly increasing advantage on the side of the United States. In a recent contribution to the *Protectionist Magazine,* Mr. Walter J. Ballard, a reliable writer on economics, says:

Reciprocity (so-called) was not needed to maintain and increase our trade relations (both ways) with Canada, as witness the Bureau of Statistics bi-yearly figures since 1890:

Trade with Canada.

Fiscal Year.	Exports to Canada.	Imports from Canada.
1890	$ 40,282,108	$ 39,042,977
1892	43,292,787	34,954,203
1894	56,664,094	30,790,916
1896	59,687,821	40,887,565
1898	83,714,086	31,870,486
1900	95,319,970	39,369,074
1902	109,642,993	48,076,124
1904	131,234,985	51,552,791
1906	156,736,865	68,237,653
1908	167,035,947	75,131,666
1910	215,990,021	95,128,310
1911	269,806,013	100,863,418

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Increases in 21 years	229,623,905	61,820,441
Increases in 11 years	174,486,043	61,494,344
Increase in 1 year	53,815,992	5,735,108

Combined increases, for example:

In 21 years	$291,444,346
In 11 years	235,980,387
In 1 year	59,551,100

Closer study of those figures, together with Canada's figures of increased population and increased production, would show, did space permit, that Canada's sales to us have increasingly kept pace with her increased production, particularly since 1900; at the same time our sales to Canada have kept pace with her increased population, particularly since the thousands of Americans began settling on the farms of her great Northwest. Naturally American tastes call for American goods, and it will be increasingly so.

Chronology of the agreement.

The chronology of the Canadian agreement episode may be briefly stated as follows:

March 30, 1910—President Taft invited a conference on closer trade relations.
January 7, 1911—Canadian representatives arrived.
January 8-21—Reciprocity negotiators in session.
January 26—President Taft sent agreement to Senate.
January 28—McCall, Republican, introduced reciprocity bill in the House.
February 4—Passed House 221 to 93. For: Republicans 78, Democrats 143. Against: Republicans 87, Democrats 6.
March 4—Senate adjourned without action.
April 4—Congress convened in extra session to ratify agreement.
April 12—Democratic Leader Underwood introduced bill.
April 21—Passed House 267 to 89. For: Republicans 64, Democrats 203. Against: Republicans 78, Democrats 11.
April 24—Senate Finance Committee received House bill.
June 13—Finance Committee reported without recommendation.
June 14—Senate debate began.
June 26—Senate defeated Root paper amendment to bill.
July 22—Senate passed bill. For: Republicans 21, Democrats 32. Against: Republicans 24, Democrats 3.
September 21—Reciprocity overwhelmingly defeated and Laurier government lost control.
Twice rejected and repudiated by a majority of the Republicans in the House.
Once rejected by the non-action of a Republican Senate.
Once rejected and repudiated by a majority of Republicans in the Senate.
Three times passed by the practically solid support of Democrats in both House and Senate.

It is to be remembered that the Canadian agreement was voted against by a majority of the Republican members in both branches of the Sixty-first Congress, although both houses were under Republican control. The elections of 1910 gave the Democrats control of the

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House of Representatives of the Sixty-second Congress and reduced the Republican majority in the Senate. In calling the Sixty-second Congress in extra session in April, 1911, the President plainly indicated his intention to secure the success of his Canadian measure by the aid of Democratic votes. As the sequel proved he was not to be disappointed by the Democrats, for the House Democrats who had charge of the bill passed it by a large majority, although, as in the previous vote in the Sixty-first Congress, a majority of Republican members voted against it. In the Senate, at the extra session, 32 Democrats voted for and 3 Democrats voted against it; so that in every instance, the Republican majority voted against while the Democrats were practically solid for it. It was thus a Democratic measure, although one recommended by a Republican President. So stands the record. However, no one questions either the purity of Mr. Taft's motive or his patriotism in bringing forward the Canadian reciprocity scheme and in finally securing its adoption by Congress. He believed he was doing the right thing in promoting freer trade between the United States and Canada. He was simply mistaken.

Attitude of political parties.

Most fortunately for Mr. Taft, for the Republican party, for the cause of protection, and for the prosperity of the people of the United States, the electors of Canada refused to ratify this scheme of free trade. As might be supposed Canadian farmers were very willing to secure a free and near-by market for their products, and so were strongly in favor of the agreement. But the industrialists of Eastern Canada, the transcontinental railways and the banking interests, saw in the scheme an entering wedge for free trade that was certain to split into fragments the system of protection under which Canada had so greatly prospered. These interests, under the able leadership of Mr. R. L. Borden, carried on a vigorous campaign for the defeat of the agreement, and in the parliamentary elections of September 21, 1911, the Laurier government was defeated by the election of 127 members opposed to, as against 90 in favor of the agreement. This was a complete reversal of the political status in the Canadian parliament. In consequence, Sir Wilfrid Laurier and his cabinet presented their resignations on October 6, and immediately after Earl Grey, the Governor-General, appointed Mr. Borden premier, with power to form his own cabinet. The Canadian attitude is well defined in a recent article in the *Review of Reviews* for November, 1911, entitled "Canada's New Premier: His Message to the American People," from which we quote the following:

> In 1879 Canada placed upon her statute book a standing offer of reciprocity, which remained open to the United States for eighteen years, or until 1897, when it was repealed by the government of Sir Wilfrid Laurier. The United States

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always declined to entertain this standing offer, and we never questioned their perfect and absolute right to take that course. In the meantime Canada had entered upon a policy which involved the development of her natural resources, the growth of her industries, and the preservation of her home market. Eight years ago I declared in the House of Commons that a factory in Canada was worth as much to our empire as a factory in Yorkshire. Our fiscal autonomy involving the complete control of our tariff had been finally completed and secured in 1879, and it will never be relinquished. The reciprocity compact proposed by the late government would have interfered with Canada's complete control of its own fiscal system, and in many important respects it would have constituted a reversal of the policy which this country has pursued for many years. Moreover, the interlocking of our tariff with that of any other country is undesirable from the standpoint of our fiscal autonomy. It should not be forgotten that similar arrangements made between the British colonies in South Africa have proved unsatisfactory and irritating, and in the end they had to be abandoned. During the recent elections the opinion prevailed in Canada that in the interest of friendly relations it would be far better that each country should be absolutely free to frame its own tariff in what it conceived to be the best interests of its people. We also consider that a tariff which must be accepted or rejected as a whole and which cannot be amended in any respect to meet the most obvious injustice, is an undemocratic and undesirable form of legislation; and we believe that experience has proved this beyond question.

Canada not unfriendly.

Thus, the recent decision of the Canadian people was not in any respect induced by any spirit of unfriendliness to the United States.

We have now and always have had in the past an element among our own people who would prefer to patronize foreigners and encourage rival industries rather than their own. Moreover, there is an element in our country, having more selfishness than patriotism, ready at any time to profit by the ruin of their own countrymen, if their own supposed interests can be apparently advanced thereby. The clamor for free raw materials we have always had with us; and so far as it was satisfied by the Canadian treaty, the effect would have been to break down one class of producers to build up another. The newspapers of the country which thrive by the advertising patronage of our prosperous merchants and manufacturers, demanded free print paper. Of course, the free traders of the country were in favor of this one-sided treaty, for they are always in favor of any legislation which brings nearer the day of absolute free trade. The treaty was not based on the pure spirit of reciprocity; but throughout it had the color and quality of an attempt to legislate not for the whole country's welfare, but for that of certain favorites whose demands were to be appeased by a wholesale sacrifice of the common weal.

The Destiny of Canada.

It is not in the nature of things that Canada should embrace the

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policy of free trade. Her people are the descendants of the protectionists of Great Britain and Europe. The French Canadians know what the industrial arts under protection have done for France; and the British Canadians know that, by pursuing a protective policy, the United Kingdom established a system of manufactures, brought its soil to a high state of cultivation, extended its trade throughout the world, and acquired vast foreign possessions. The latter are also familiar with the decline of wages, lack of employment, and loss of both foreign and domestic trade in Great Britain, conditions which, for more than thirty years under her free trade policy, year by year, have been gradually destroying that supremacy which was attained by virtue of several centuries' maintenance of the protective policy. They know full well that the wealth and power of Canada are to be achieved, if at all, by the promotion of trade, commerce, mining, manufacturing and agriculture, a promotion which will only be possible by protecting the home market, and so encouraging the growth of domestic industries. It is inconceivable that a people so enlightened as the Canadians should consent to confine their energies to the production of crude materials and farm products to be sold in distant markets and, with the meager proceeds realized, to purchase from abroad their clothing, wares and implements. It is well understood by the wisest Canadian statesmen and business men that it would be the height of folly to export their crude materials to foreign countries, to be converted there into finished products, and, with the wages of foreign laborers, the profits of alien manufacturers and freights, commissions and insurance both ways added, to be returned and sold to them at monopoly prices, when, by the employment of their own capital and labor, all such waste would be avoided and the profits of capital and the wages of labor would accrue to their own people, who would become prosperous and rich instead of unprosperous and poor as they necessarily would be under free trade. The true destiny of Canada, considering the capabilities of her people, and her great natural resources, is to be worked out by the practice of those policies which have made pre-eminent the great civilized nations of the world.

Protection in Canada.

Why should the people of the United States desire the Canadians to confine their energies to the cultivation of the soil and the production of crude materials? The greater the wealth and spendable income of the thrifty people on the other side of our northern border, the larger will be their purchases of other countries. Therefore, every citizen of the United States should desire Canada, through the protective policy, to develop her domestic industries and native resources and so become rich and prosperous; for certainly the building of great industrial centers and cities in Canada through this method will so augment the de-

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mand for the productions of the United States that as she prospers the people of the United States will prosper also; a condition which is already foreshadowed by the steady increase of our exports to that country during the last twenty years. Canada is now in the same stage of industrial life in which the United States found itself in 1860; and she seems surely to be just on the threshold of a marvelous career of growth and development. Nothing has occurred since the settlement of Canada to bring out so impressively the real spirit of the people as this attempt by a reciprocity treaty to commit them to an unwise economic policy. The future greatness of Canada now seems secure. Her people have proven themselves intelligent, proud, energetic, ambitious and staunchly loyal to their own country and its vast interests, and have shown that they are willing to rely on their own industry and abilities to place Canada among the great nations of the world; for they have refused to become servile and dependent on others.

The election.

The interference by foreigners in Canadian politics, through the gratuitous circulation of American newspapers, the impertinent solicitude expressed in their welfare by outsiders, and the effort on the part of strangers to prescribe for Canadians their industrial policy, were all resented by such an uprising of an indignant people as has scarcely been witnessed in any other country in half a century, and the result of the parliamentary elections is notice to the world that Canada is to become a great, powerful and independent nation, bowing to none and recognizing no authority but the will of a constitutional majority of her own people to devise and formulate for her an industrial and commercial policy all her own.

The writer has confined the foregoing discussion of the subject to the general economic and political principles involved, omitting statistics and a setting forth of the specific conditions under which agriculture is carried on in the United States and in Canada, for the reason that these points have already been covered by our public men with an ability which the writer is not so vain as to believe he might excel. He can therefore do no better, in closing his treatment of this most important subject, than to draw upon the words of some of these men who have given much time and thought to the matter and have shown distinguished ability in dealing with it; and accordingly extracts from the speech of Hon. Asher C. Hinds of Maine, delivered in Congress on April 15, 1911, in opposition to this treaty, are appended, as follows:

Great Distinction Between the Farm Home and the Factory.

The fact that Canada has New World conditions, that her labor is not crushed down as in the older countries, furnishes, I will admit, a fair argument that

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you might with safety remove the duties on manufactured goods in the future when conditions of labor shall have equalized. The argument, then, may some day be sound when applied to factories. Is it sound when applied to farms?

No; and for this reason: the farm is primarily not a factory, but a home?

Capitalists gather up money, build mills, call in laborers, and turn out product for the main purpose of paying dividends on the capital they have gathered up. *The farm a home.*

The farmer acquires land that he may found a home.

It is not the lack of bricks, machinery, or factory sites that checks the expansion of factories, but the disappearance of dividends.

The expansion of farms ceases only when there is no more land under the western sun.

Dividends are the fundamental condition of manufactures.

Areas of land for homes are the fundamental condition of agriculture.

If the factory's product falls in price below the dividend-producing line, the factory shuts down to wait for better times. The building of new factories is discouraged.

Did any of you gentlemen ever hear of the farms shutting down as factories shut down because the bottom fell out of the market for their products? We heard that the farmers of Kansas once burned their corn when they could not sell it. But farming went on, because the homes could not stop.

When cotton goods fall in the market, the cotton mills curtail production and save loss by running fewer weeks in the year.

When the farmer's products fall in the market, he must produce not less but more, because the expense of the home must be met.

Manufactures, organized by trusts and gentlemen's agreements, easily control output and prevent overproduction.

Farmers, by the necessities of their condition, are controlled in their production only by the Almight's dispensation of sunshine and rain.

The farm is evidently to be distinguished from the factory. And may we not make a blunder—a great blunder such as Napoleon said was worse than a crime—if in our reasoning here we apply to the agricultural schedule of our tariff the same formulas that we apply to the manufacturing schedule?

At this point let us guard against a confusion of thought. I am not trying to show that farming creates homes and manufacturing does not. But in manufacturing the homes are the incident, not the object. A corporation with a thousand employes curtails production without responsibility as to its effect on the families of those employes. The human-life necessities do not impel an overproduction disastrous to the market. But when we turn to agriculture, the human-life necessities do that very thing. It is because of this that we must vary our accustomed formulas if we would not work a fearful havoc when we deal with the agricultural schedule. *Unity of interest.*

Equilibrium Between Agriculture and Manufactures.

This brings us to the question of proportion, or equilibrium, of manufactured and agricultural products. And it is right here on this point that the whole situation likely to be created by this reciprocity treaty develops itself. Our manufactures, syndicated as they are by trusts and associations, are easily controllable and do not tend to run into an overproduction, disastrous to profits on capital or the wages of labor. But the farms, being an aggregation of homes, disorganized,

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and each impelled by its own necessities, tend constantly to overproduce. And this overproduction becomes disastrous unless the limitation of acreage possible to be cultivated intervenes to prevent. Therefore the element of prime importance in this discussion is the relation of acreage to the capacity of the home market furnished by the non-agricultural classes.

Of this doctrine of the equilibrium of the home market we have heard little among English-speaking peoples, because England hopelessly destroyed the equilibrium of her home market when, as a result of the stimulation of the Napoleonic wars, she got more people into manufacturing than her acres, in the opinion of a dominating school of her statesmen, could possibly feed, even under the highest development of her agriculture. Then she felt forced to open her markets to the agricultural products of the world. We, who found our market in her necessities, have not examined her situation. But England herself is awakening, and in 1906, after exhaustive investigations, her tariff commission made a significant report. There has been, that report says, "a broad contrast between the policy adopted by foreign countries and that adopted by the United Kingdom. Generally speaking, all foreign and European countries accept as the basis of their economic policy the necessity for maintaining a flourishing agriculture. This is partly due to economic reasons, partly to considerations of national defence and security. The result, speaking generally, is that these countries, instead of pursuing an exclusively manufacturing or an exclusively agrarian policy, have endeavored to maintain a balance between agriculture and manufactures."

"A balance between agriculture and manufactures!" Have any of us studied it before plunging into this great departure from the pathway traced by the instincts of our statesmen for a century and a quarter?

Relation of the Equilibrium to National Power and Social Life.

Bismarck.

"Consideration of national defence and security!" Have any of us studied the relations of agriculture to that great subject? We have thought of battleships and forts and have registered our thoughts in billion-dollar marks.

Have we forgotten that the farm home is the greatest nursery of men and women that a nation has? When Bismarck turned from free trade to protection and established Germany's agricultural duties, he did it on the ground of the salvation of the Prussian State and the German Empire. Wealth and factories are great assets of a nation, I grant you. I hope we and our neighbors will always have an abundance of both; but if we look over the history of our race in the parent country for the long course of time the word that comes oftenest from the pens of historians and the tongues of orators is not "wealth" or "factories," but "yeomanry." From Crecy to the Crimea, and on to this day, the yeomanry of England have been her proudest boast. And when the statesmen who but recently formed England's tariff commission came to examine the condition of the realm one of their most striking recommendations was a duty on agricultural products as an important means of encouraging small farmers—men of the yeoman class.

Do you remember what the Boer war revealed to England? That her military recruits were undersized and that their vitality was lowered by the conditions of crowded city life. Well may her statesmen have turned their eyes backward to those stalwart farmer boys, the yeoman archers of England, who laid low the mailed chivalry of France, or those other country boys, stalwart in form and stern of conscience, whose valor at Dunbar and Worcester commended their

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leader to immortal fame and their model of organization to English-speaking soldiers for 250 years. And so the English statesmen—bethinking themselves of valor as well as of trade—recommended a tariff on agricultural products.

Free trade in England.

That is what English statesmen recommended after investigation and study. What you propose to do here and now is to tear down American agricultural duties after neither investigation nor study.

How the Equilibrium of the Farmers' Market Was Lost.

Since other nations have thought it worth while to study the equilibrium of the farmers' market, it may be worth our time to halt for a moment the speedy onward course of this bill and reflect on it ourselves. It concerns all, the proudest city and the smallest town. It overrides all consideration of special profits or losses that we may think we see in this agreement.

Up to 1850 this equilibrium between agriculture and the home market was maintained the world over, because transportation was still costly on land and sea, and agricultural products, being bulky, were restrained by the cost of freight from flooding any particular market. But from 1850 onward the application of steam to land and water transportation revolutionized the economic condition of the world, and soon brought to the front one great and all-controlling economic phenomenon—the opening of the broad and fertile prairies of the western United States.

Farm products began to fly through space and hurl themselves upon far-distant places in unheard-of quantities. This was especially so with farm products raised on new lands, under the stimulus of nature's stored-up fertility. In 1878 the fast-freight and refrigerator car came into activity, and the dairyman of the West was constructively moved up to the door of the Eastern farmer, and the two went merrily to work to make one another poor with overcompetition. The equilibrium of the market between the farmer's surplus and the artisan's product, from being constant and sure, under the eyes of all, became a flighty and inconstant thing, doing unexpected acts in response to distant voices. That a German farmer on the sands of Brandenburg should find the conditions in the little market town where his fathers had resorted for three centuries turned upside down by some farmers on a River Platte in a land called Nebraska, thousands of miles distant under the westward sun, was a phenomenon astounding and portentous. Well may it have driven Bismarck, imbued with the free trade theories of the universities and sharing the prejudices of the country squires of Germany against manufactures, from the free trade to the protection camp.

Effects of the Disturbance of the American Farmers' Market, Especially in New England.

Agriculture and competition.

The markets of four great communities afford us an instructive lesson as to the effects of this phenomenon: The eastern United States, England, Germany, and France. Eastern United States North and South, being in the same nation with the new lands, met the flood of cheap products under free trade conditions as it fell with full force in the years between 1870 and 1890. Many men in this hall remember the dearth it produced. The Tariff Board, in its brief contribution to this subject, refers to it. If, in illustrating it, I refer to New England, it is only because I am most familiar with that region.

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In New England this destruction of his markets brought the farmer a great revolution and a long dearth. The measure of that dearth is found in the values of farms and farm buildings in those six States. When agriculture has a fair chance, farm values ought to increase. The accumulations of industry ought to result in permanent improvements, the betterment of buildings, the fertilization of the land. What was the case? The total value of the farm realty of New England in 1890 was very little more than it had been in 1860, 30 years before. In these 30 years that splendid race of farmers practically stood still, and $20,000,000 measures the only increase in the value of their property. From 1890 to 1900 the increase was nearly $40,000,000, and from 1900 to 1910, when the equilibrium of markets was restored, the increase was over $170,000,000. I dwell on this feature of the equilibrium of markets because the percentage of this increase bears a striking resemblance to that between 1850 and 1860, when the old equilibrium existed.

The Dearth Not Peculiar to New England.

While the effects of the long dearth were more pronounced in New England, perhaps, than elsewhere, yet in the whole North Atlantic Division, which includes New York, New Jersey, and Pennsylvania, as well as New England, in 30 years, from 1860 to 1890, the value of farms and farm buildings increased only two-thirds as much as it had in the single decade from 1850 to 1860 under normal markets. This North Atlantic Division of the United States shows the effect of the opening of new lands on the old lands as no other section of the United States could do at this time. With the best home market in America in their midst, with the much-vaunted world's market of Europe nearer to them than to any other farmers on this Continent, with the inherited appliances and improvements belonging to established countries, the farmers of the North Atlantic States could barely hold their own for 30 years. The West was the new and growing region; she will figure as an old and settled country in the new influx. So also will the South, which then did not notice, amid the ravages of war, the minor ravages of competition.

New England farmers.

The New England farmer saved himself by courage and intelligence. The census shows that of the 12,000,000 acres of improved land in the six States in 1860 only 7,000,000 acres remain improved. But the officials of the Census Bureau advise me that a difference in methods of classification of improved land accounts for much of the difference. Yet, undoubtedly, there has been some decline. Take as an example, and not an extreme example, the State of Maine. "The acreage of improved land increased steadily until 1880," says the census report, "when a marked decline began, and in 1900 the percentage of farm land improved was smaller than ever before reported." And the Director of the Census went on to specify as one of the causes of this "the competition of the western lands in cereal production."

After an agonizing struggle the New England farmer moved to a new base. He ceased to raise beef and sheep, he went out of wheat and the cereals, and became a dairyman, a grower of fruits and a market gardener. He lessened his acreage, but kept in the business, for the farm is a home and is hostage of fate for the farmer in bad as well as good times. And to-day the census of 1910 shows that there are over 3,000 more farms in New England than there were in 1860. On a new basis that splendid race of farmers are reversing the decadence of two generations. And just in the hour of victory the statesmen

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of America, without scientific investigation, with hardly a hearing that deserves the name, propose to turn loose on them the competition of a new empire.

Similar Effects in the English Farmer's Market.

England also met the deluge under free trade conditions. What happened is succinctly stated by Mr. James J. Hill in his new work, Highways of Progress:

"Agriculture in England," he says, "has suffered in the last 25 years by the opening of new land in America and the cheapening of the world's transportation."

The English tariff commission gives in 1906 the same report; and, most significant of all, that commission goes on to say:

"European countries generally have pursued a policy involving import duties on agricultural produce, whereas in the United Kingdom agriculturists have been subject to the unrestricted importation of foreign produce on terms not dissimilar, in many cases, from those experienced by manufacturers who complain of dumping."

Land values in England.

These dry official statements give little of the tragedy of England's position. Forty thousand of her acres went out of culture last year. In the county of Buckingham farms sell as low as $63 an acre.

Buckingham county is about 30 miles from London and halfway between London and Birmingham. Many railroads connect it with both those cities. London is that great world's market that is dangled so temptingly before our farmers when some one wants to trade shadow for substance with them. London is the great capital of trade and commerce. It is also a capital of want and misery. The rise and fall of her tide of paupers is recorded in the journals as we record the prospects of a wheat crop. They are a host greater than the army that held with Meade the heights over Gettysburg. How could it be otherwise when the virgin soil of New Zealand and Canada can put out of business English farmers within 30 miles of the world's market?

Dairy and grazing farms in Surrey sell for $123 an acre. Surrey is near London, and London is the world's great market for milk, butter and cheese. But that market is not the English farmer's market. The Canadians, the New Zealanders, and the Danes possess it. Do you wonder that the English tariff commission recommends a duty on butter and cheese?

How the German Farmers Escaped the Troubles of the American and English Farmers.

As we turn from England and her sad picture, we find another story in Germany and France, where statesmen and people united to preserve the equilibrium of the home market. I will quote again from Mr. James J. Hill's book, because Mr. Hill, one of the world's great captains of industry, is an unrivaled observer of economic facts. I wish that at this juncture his farm were bigger than his railroad, for where a man's treasure is there is his heart also. Mr. Hill says:

"How to meet German competition is to-day the study of every intelligent leader of industry and every cabinet on the Continent of Europe. It will be found that a large share of her worldwide success is due to symmetrical national development. Agricultural industry has not been slighted. Behold a contrast that throws

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light upon the idle host of England's unemployed marching despondently through streets whose shop windows are crowded with wares of German make. Between 1875 and 1900 in Great Britain 2,691,428 acres which were under cereals and 755,255 acres which were under green crops went out of cultivation. In Germany, during the same period, the cultivated area grew from 22,840,950 to 23,971,573 hectares, an increase of 5 per cent."

The German farmer owes his proud position largely to the wisdom of Bismarck, a statesman of that school who investigate first and then act, instead of acting first and investigating afterwards. He had been a free trader, but facts converted him, and in May, 1879, he bore this testimony in the Reichstag:

"Is not the moment approaching when our agriculture will no longer be able to exist because corn is pressed down to a price at which it cannot be remuneratively produced in Germany, taxation, the cost of living, and the cost of land being as they are? When that moment comes, then not only agriculture but the Prussian State and the German Empire will go to ruin as well."

And then and there the tariff duties of Germany on agricultural products were established, and the trend of her policy has been to raise them and not lower them.

Happy Position of the French Farmer Under Protection.

In France we find the same lesson, yet France was menaced. "The trouble in France, as elsewhere," writes Meredith, an English authority, "centered in the persistent fall in the prices of agricultural produce, due in part to the general appreciation of gold, but due principally to the cheapening of transport and the appearance on the home market of transoceanic cereals and meat. The result was the increased protection of agricultural products in 1885 and 1887 and the tariff of 1892."

Mr. Hill, who is inclined to free trade, does not in his book notice the protective legislation of France and Germany, but the prosperity of France's agriculture to-day he paints in the most brilliant colors.

Tariff on Agricultural Products Protects from Trouble.

It seems to me proved beyond a doubt that the opening of large areas of new lands tends to destroy agriculture in the old lands, and that the wisest statesmanship of the world forefends this calamity by protective tariffs.

Protection to agriculture.

When trouble comes to manufacturers, everyone—the statesman included—knows it. The great capitalists are in these halls; idle workmen are on the streets; outgoing steamers are crowded with foreign laborers returning home; other laborers search new employment. Willing minds study remedies, for the smoke no longer rises from the tall chimneys, the channels of trade dry up, and all know that times are hard. It is a sad thing when manufacturers are in trouble.

When the long dearth comes to the farmer there are no spectacular accompaniments. He finds one day that his market has dropped below the line of profit. He drives home sadly, searching his mind in vain for a cause that may lie at the end of a railroad a thousand miles away, or 10,000 miles away across two oceans. As prices continue low, he goes quietly to the local Pharaoh, and soon the farmer holds the title and pays the taxes, while the Pharaoh holds the mortgage and gets what little income there is, although there is not much in it for even the Pharaoh. And so the long struggle goes on. When the farmer's arm fails, the children take up the battle—the son or the daughter. When the

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trouble comes to the factory, the machinery stops and the smoke ceases to roll from the tall chimney. The smoke does not fail in the farmhouse chimney, for on the hearth burns the oldest altar fire of the race. The farm goes on through the long dearth, but the hardship is none the less great.

It is because of the insidious ills that come with the destruction of equilibrium in the farmer's markets that legislative interference should be taken only after careful inquiry. Those bulwarks which you to-day are proposing to tear down without inquiry worthy of the name were last established by the labors of three great men—William McKinley, President; Thomas B. Reed, Speaker; and Nelson Dingley, Chairman of Ways and Means. In a modest capacity I had the fortune to sit in their councils many times during their seven years' battle. With the greatest care and the utmost caution they raised the defence of the farmer's market. They were wrong, you say. If they were wrong, then the systematic and painstaking German statesmen are wrong to-day. If they were wrong, then the philosophic statesmen of France are wrong to-day. If they were wrong, then the tariff commission of England toiled for years to search out truth only to produce error. Those three men had visions that reached the future, but they never let their feet stray from the highway of fact.

Agricultural prosperity was destroyed so long in the old-settled parts of this country that we are regarding as something abnormal the recent advance. There is, however, nothing abnormal about it. The West is coming to a normal condition of settlement; our wise tariff prevents foreign dumping; the natural equilibrium of markets is restored. No one who examines can doubt this. Prices—I mean those the farmer gets, not what the consumer pays—have been dropping for the last year, indicating that there are no abnormal increases.

What Will Canadian Competition Do?

We now confront the next great question: "Will the opening up of our markets to Canadian farm products disturb this equilibrium and throw us back into the old distress?"

Effect of reciprocity.

In other words, will enough Canadian farm products come over the line to disturb disastrously our markets? There is a great chorus from the large cities that no trouble need be feared by the farmer, that the consumer will pay about as much as ever, but that "trade relations" will be improved. But while this chorus is going on some very shrewd gentlemen in Wall Street are indulging in prophecy. The Canadian Pacific is the greatest railroad on the North American Continent. It connects all Canada and runs into all the great northern markets of the United States. If great quantities of Canadian products are coming in, that road will do most of the hauling. The day the trade agreement passed the House in March Canadian Pacific stock touched the highest point in its history, and it has been soaring ever since, in notable contrast most of the time to the American railroads. Some shrewd men evidently think that some butter, cheese, cream, milk, hay, potatoes, apples, wheat, and so forth, will come over the line. The situation recalls the story of the newspaper reporter who went to find out whether an eminent clergyman was going to accept a call to another city. "There is no decision about it," said the daughter, who met the reporter at the door, "father is upstairs praying for guidance, but mother is downstairs packing the trunks, so I guess we are going."

I do not propose to dwell long on the statistics of present trade in farm pro-

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duce over the border. It is small and proves nothing except that Canada sends little here. But she sends much to England, and thereby proves that she could send much to our nearer markets.

In 1908 when Canada was sending us only 23,000 dozen of eggs she was sending England 1,200,000 dozen. While she has in the last five years sent to us an average of less than 100,000 pounds of butter a year she has sent to England as high as 33,000,000 pounds in a year. In the same five years she has sent us an average of less than 150,000 pounds of cheese a year, but the normal annual export to England was, until New Zealand began to shut her out, about 200,000,000 pounds. In 1909 she sent to us less than 20,000 barrels of apples, but in the same year she sent to England more than 1,000,000 barrels.

When a Canadian farmer sends cheese to England he meets there the competition of all the world, and the competitor whom he has to watch the sharpest is a man from the opposite side of the earth—the farmer of New Zealand. If the barriers along our border were down, if the greatest and best home market on earth was thrown open to his milk, cream, and butter, do you suppose the Canadian farmer would toil to make cheese to compete with a New Zealander in a market on the other side of an ocean 3,000 miles wide?

What fixes prices.

Relation of Gregory King's Law to the Influx of Canadian Supplies.

Does anyone know how much produce will break our market? Has any committee of this House investigated this great problem before plunging ahead to reverse the economic policy of a century and a quarter? We do not know on this floor, but one thing we can do is to examine the general nature of markets. More than 200 years ago Gregory King discovered the law of prices that bears his name. That law which Prof. Thorold Rogers tells us "is not thought of in times of high and low prices as it should be" is as follows:

"In the commodity a deficit of—

1 tenth raises the price above the common rate..... 3 tenths
2 tenths raises the price above the common rate..... 8 tenths
3 tenths raises the price above the common rate..... 16 tenths
4 tenths raises the price above the common rate..... 28 tenths
5 tenths raises the price above the common rate..... 45 tenths

"And this law applies similarly to the effects of a surplus in lowering the price below the common rate."

This law, called by a high authority "one of the most important generalizations in statistics," must not be neglected in the vast problem before us to-day.

Gregory King's Law as Illustrating the Potato Situation.

In connection with this law of Gregory King, the potato situation in the United States is worth considering. While the consumer in the cities has found potato prices high, the farmers know that potatoes have been low, around 25 cents a bushel. Our own farmers have overstocked our own home market, great as that is, our manufacturing industries alone disbursing to their officers and employes, who are consumers, over $3,000,000,000 a year in salaries and wages.

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Do you know how little of acreage participates in the overproduction that knocks down the potato market—to the producer, not to the consumer necessarily? Potatoes are produced all over the United States to an extent that meets a large proportion of the local demand, but 13 counties in what are called the 5 potato States—Maine, New York, Michigan, Wisconsin, and Minnesota—make up the deficit and produce this year the one-tenth or two-tenths of surplus, which, under Gregory King's law, drives down the price three-tenths or eight-tenths. Our 13 counties are liable to overstock even our magnificent home market, where $3,000,000,000 of industrial wages are floating about, and our potato farmer prospers only because he gets good years in with the bad. But add to our 13 counties the acreage of the great potato Provinces of Nova Scotia, New Brunswick, and Quebec, with the hope of our near-by home market to stimulate their farmers, and bad years must inevitably be constant. Their whole surplus will pour over our line, because they have no home market to absorb it. The industrial disbursements of those Provinces are but little more than those of the little State of Rhode Island.

If you want to know the capacity of the potato land of New Brunswick, I will cite you to the fact that the single Maine county of Aroostook, which lies adjacent to New Brunswick and has similar land, produced in 1909 about one-tenth of the entire potato crop of the United States. I understand that the Legislature of New Brunswick, like the Legislature of Maine, has withheld its sanction from this trade agreement. Some gentlemen have thought this strange. It seems to me that there is nothing strange in it. If, under the glittering lure of the American market, Canada develops her potato land—and to-day she is not doing it, for want of a market—she will make the American farmer poor and her own farmer poor, too. The destruction of the equilibrium of our market will not in the end benefit her. When the western United States farmer was flooding the cereal and dairy market of the eastern United States, he did not prosper. Kansas appeared to bleed in those days as she had never bled before. And the potato farmers of both Maine and New Brunswick, who now have to pay millions of dollars annually for fertilizers, may look with alarm to that rich virgin soil of Manitoba, Saskatchewan, and Alberta, where the few straggling pioneer farmers in that vast domain produced in 1909, 100,000,000 bushels of potatoes.

Conditions in Canada's Four Eastern Provinces.

Canada has all the conditions for a great agricultural development inevitably to destroy the equilibrium of our market. Except in the Province of Ontario, she has no home market to speak of to absorb the surplus of her farmers. In the four Provinces of Prince Edward Island, Nova Scotia, New Brunswick, and Quebec, out of 2,500,000 people at the last census, about 150,000 were wage earners in industrial establishments, and their annual wages amounted to a little over $50,000,000. The little State of Rhode Island alone had that year two-thirds as many industrial wage earners and disbursed to them over $43,000,000 in wages. But those four Provinces of Canada have an area far greater than all New England, with New York, New Jersey, Pennsylvania, Ohio, Indiana, and Illinois added. The four Provinces live to themselves. When we speak of growing Canada we mean Ontario and the West. In the 20 years comprised by the two last Canadian censuses the four vast eastern Provinces added to their population 300,000. In one decade of that 20 years the State of Massachusetts increased nearly twice 300,000, and Mr. Archibald Blue, commissioner of the coming Canadian census, is quoted in the papers as predicting scarcely any increase in the eastern Provinces, but a large

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growth in western Canada. There is little prospect for advance in those eastern Provinces unless we divert to them purchases we now make from our own farmers. The farmers of eastern Canada, having no markets except the distant English market, live to themselves. But if stirred into life by access to our home market, they will show great capacity for exportations, because they have no home market to absorb their surplus.

Boundless Resources of Western Canada as a Competitor.

When we turn to western Canada we have a repetition of the conditions which once prevailed in the United States. Ontario, Manitoba, Saskatchewan, Alberta, and British Columbia are an empire of a million square miles. The Canadian representatives at the International Institute at Rome told the delegates last year the prairie Provinces of Manitoba, Saskatchewan, and Alberta were as large as England, France, Germany, and Italy. The five great western Provinces, rich in a fertile soil, have a domain as great as that of the combined States of Illinois, Missouri, Iowa, Wisconsin, Minnesota, the two Dakotas, Kansas, Nebraska, Oklahoma, and Texas. When we remember the vast flood of agricultural produce that those States have poured into the markets of the world we can form some idea of what western Canada will do to the equilibrium of markets for the next two generations of Americans. The London Economist, England's great journal of finance and trade, has recently sent a correspondent into western Canada. After noting that the United States produced 600,000,000 bushels of wheat in 1910, this correspondent records that in the Canadian west there are 200,000,000 acres of wheat land not yet touched by the plow that can produce 3,000,000,000 bushels of wheat annually, and there are furthermore 250,000,000 acres suitable for cattle raising. But wheat and cattle are not the only products. In 1909 Manitoba, Saskatchewan, and Alberta produced 10,000,000 bushels of potatoes, and in the last year the dairy commissioner of Canada has noted that the dairying industry is growing rapidly in northern Saskatchewan and northern Alberta. Northern Ontario, hitherto almost unknown, but now opened up for mining, has been found to have splendid potato land, equaling the best in New Brunswick and Nova Scotia. The Canadian Pacific and Grand Trunk are opening up this region to settlers and promise to make it as populous as older Ontario.

Resources of Canada.

We have supposed that western Canada was a cold country, but last year in Manitoba, Saskatchewan, and Alberta half the seeding was done by the end of March; in Saskatchewan young stock began to run on the prairies early in March; and in October last the superintendent of the government farm at Indian Head, Manitoba, wrote that the cattle were still in pasture, while fall plowing continued in Alberta until November 25. It has been assumed that corn cannot be raised there, but in August, 1910, the superintendent of the experimental farm at Brandon, Manitoba, wrote, "Corn is a splendid crop." Such, then, is Canada, west and east, in what are known as the nine Provinces. They have an area of agricultural lands nearly equal to half the entire area of continental United States. Its possibilities for agricultural development are unlimited. Give to those lands our home market and two generations of American farmers will not see the equilibrium of their market restored.

When we had the last destruction of equilibrium and the long dearth began there were no riots, no outcries, but there was sadness and consternation in many hillside homes. And as they always do when the home farm becomes unprosperous, the young people went forth to what they heard were richer lands. In my youth

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I saw them go and witnessed the tears and lamentations of that going. I have lived to see their children come back to visit the old homes, strong men and women, strangers to their father's home, but Americans all, with the common traditions and the common hopes of the land of the free.

Pass this bill, put into force this old reactionary policy that the rest of the world has discarded, that even England wants to discard, and the dearth will begin again, the young men and the young women will turn their faces again to the setting sun—not to Missouri or Iowa, but to Saskatchewan and Alberta. And some day their children will revisit their fathers' homes. I do not doubt the magnificence of the manhood and the womanhood they will bring; but they will not be of the assets of this country. They will come from an alien land, from under a foreign flag, and out of strange eyes they will look on the countrymen of Washington, Jefferson, and Lincoln.

The Farmer Not Responsible for Cost of Living in the Cities.

Cost of living.

While the proposed proceeding against the farmer is evidently indefensible, the outcry in the cities against the high cost of living impels us onward in our search for a victim. We all admit the high prices; many of us are oppressed by them; few of us know that wholesale prices have been falling for nearly a year, so much does the retail price affect us. But has anyone proved that the ruin of the American farmer will lower prices in the cities except as it may shrivel the business of the cities? And ought not some one to prove this before we proceed to spoil the farmer's home market for the next two generations?

To give a little personal experience: While the farmers of Maine have been getting 25 cents a bushel for potatoes, I have been paying for them a dollar a bushel. You may think this an extreme illustration of the difference between the price the farmer gets and the price the consumer pays. I am not certain that it is. Unfortunately we have had no investigation on this highly important point. In another distinguished body an inquiry was proposed last year, but unless my memory is at fault, an appropriation for it was defeated by objection from the Democratic side of the Chamber. But our own observation and that of others will show us that there is a vast difference between consumers' prices and farmers' prices. Last summer Mr. B. F. Yoakum, head of the Frisco Railway system, published in the *Saturday Evening Post* an article on "The farmer and the cost of living," in which he set forth, after what he considered "a careful investigation," the food bill of New York City for the year as related to the farmer. Here it is:

	Received by farmer.	Paid by consumer.
Onions	$ 821,000	$ 8,212,000
Potatoes	8,437,000	60,000,000
Coffee	2,402,000	12,009,000
Rice	1,354,000	6,191,000
Cabbages	1,825,000	9,125,000
Milk	22,912,000	48,880,000
Eggs	17,238,000	28,730,000
Meat and poultry	219,300,000	291,000,000
	$274,289,000	$464,147,000

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Prices.

Mr. Yoakum shows that the price of the onion increased 10 times on its way from the farmer to the New York City consumer. If this high authority is correct, has anyone searched those people who have that onion between the time it leaves the farmer's hands and gets to the consumer? And if no one has, ought it not to be done before we try to convict the farmer as the robber and sentence him to lose his paltry protection of 40 cents a bushels on onions? Is the one who takes one-tenth for an onion he has planted and raised to be pursued and those who take nine-tenths escape investigation even?

Mr. Yoakum shows that the price of the potato increased more than seven times on its way from the farmer to the New York City consumer. If this high authority is correct, has anyone searched the people who have that potato between the time it leaves the farmer's hands and gets to the consumer? And if no one has, ought it not to be done before we try to convict the farmer as the robber and sentence him to lose his paltry protection of 25 cents a bushel? Is the man who takes one-seventh for a potato he has planted and raised to be pursued, while no questions are to be asked as to those who get the six-sevenths?

Mr. Yoakum shows that the price of eggs doubles from the time they leave the farmer's hands to the time they reach the consumer's hands in New York. As our own Agricultural Department has published figures tending to confirm this estimate, it gives confidence in the estimates as to other commodities, startling as they may seem.

Who gets the great increases between the farmer and the consumer? I see no evidence that the retail merchant gets more than his necessities as to rent, display, advertising, labor, and service compel him to take. We can conjecture as to the causes, but we have not ascertained scientifically.

The Tariff of No Effect on Prices to the Consumer.

The price of coffee is estimated to increase five times from the producer to the consumer; and as there is absolutely free trade in coffee, here is a patent suggestion that the tariff, while it has important bearing on the equilibrium of the farmer's market, has very little influence on what the consumer pays. In the very height of high prices last fall the minority Democratic members of the investigating committee of another distinguished body came to this conclusion:

"Notwithstanding the large increase in the price of farm products, the farmer has realized a small net return on his labor and investment."

Cannot you leave the farmer this small net return? Cannot you do it in consideration of the long dearth he has suffered? There he stands, the dampness of honest toil on his brow, in his heart the satisfaction that he has lasted through the trial. He is a hero. He has won the long fight. He has done it with brains as well as muscle. When the onset was fiercest he reduced his acreage and intensified his culture; that is, he contracted the wings and strengthened the center. If he had been a man with a sword, we would have given him pension and office, and that exquisite American adulation of accepting every word from his lips as the last thing in wisdom. But as he is a farmer, and as farmers are organized very imperfectly for unity of action, we pat him on the back, say he is a good fellow, and, without investigation, without even an unscientific investigation worthy the name, we turn loose on him new and unnumbered hordes.

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CHAPTER X.

THE CONGRESSIONAL ELECTION OF 1910 AND CAUSES OF REPUBLICAN DEFEAT—THE CANADIAN AGREEMENT—EXTRA SESSION OF CONGRESS CALLED BY PRESIDENT TAFT—FREE TRADE LEGISLATION—FARMERS' FREE LIST BILL—COMPROMISE WOOL BILL—UNDERWOOD'S COTTON BILL—THE PRESIDENT'S VETOES—CAUSES OF HIGH PRICES.

There is one most effective way by which the cost of living can be reduced, and that is by reckless agitators bringing about a long period of business depression in which there is no return to capital and labor is largely unemployed. People will then learn to do without many things that they have thought were necessaries. Capital will not have the means and the courage to push ahead with new enterprises, supply will exceed demand, wages will decline, prices will go lower, the cost of living will be reduced, and soup kitchens will be in order.—JAMES R. MACCOLL.

The tide of prosperity may ebb and flow, but the great waves of industrial wealth will continue to grow in volume with ever-increasing comfort and happiness to our contented people, who will soon number 100,000,000. And because of our intelligent and skillful labor made so because of good wages and good living, we shall make better fabrics and build stronger structures—that in spite of their higher cost in the beginning will be cheaper in the end and will be wanted by the people in every corner of the earth. So that we shall capture the markets of the world in greater volume without ever sacrificing our home market, the foundation of our national wealth and progress.—JAMES S. SHERMAN.

The Republican party will continue to be a protectionist party and the American people a protectionist people. And that protection must apply to every section, every industry and every class.—HON. JAMES S. SHERMAN.

Our free trade friends have told us for years and years that if we do not buy we cannot sell, but we have gone on doing both at a wondrously increasing rate, but selling just enough more than we buy to meet all foreign obligations and keep our gold as a bulwark of redemption. That has been the Republican method, and that is going to continue to be the Republican method.—HON. JAMES S. SHERMAN.

The American standard of wages is adjusted to a high protective tariff, and the American standard of living is adjusted to our high wage scale. A lowering of that standard will mean political annihilation to the party responsible for it. You are again respectfully referred to 1896 as an illustration and a warning.—GEORGE C. HETZEL, a worsted manufacturer of Chester, Pennsylvania.

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The Congressional Elections of 1910.

Demand for Revision.

The Payne-Aldrich law did not go far enough in reducing the tariff to satisfy the Democratic party, the Insurgent Republicans, or those interests which had been endeavoring to secure special favors for themselves. The warfare against the protective policy broke out anew. The Western farmers who had demanded free lumber; certain manufacturers who had demanded free raw materials; the newspaper publishers who desired free print paper; the merchant princes and importers who desired to plunder the American market, and the free trade element of the country, all joined in a crusade of misrepresentation of the Payne-Aldrich law and of the protective system. In many cities merchants marked up their goods and justified the act to their customers by the false claim that the Payne-Aldrich law had increased duties, and therefore they must necessarily increase prices. The price of clothing was advanced in many instances by retail clothiers upon the ground that the Payne-Aldrich bill had raised the duties on woolen goods, although the woolen schedule had not been changed. The cry was raised that the high retail prices which were being charged for butter, eggs, poultry, meats and other provisions were caused by the tariff.

Another element which was influential in reviving the agitation for a revision of the tariff was found among certain manufacturers in the New England States and manufacturers of agricultural implements in the West who favored more liberal trade relations with the Dominion of Canada, which were to be secured either by the reduction or repeal of existing duties, or through a trade agreement by which Canadian lumber and other raw products of that country might be admitted under more favorable terms. The agitation thus set in motion soon assumed formidable proportions. It gained greater headway because of the fact that its sponsors and promoters in most cases professed unabated friendship for the protective policy and insisted that their objects could be accomplished without inflicting injury on American industries, without reducing the employment of American labor, and at the same time strengthening and making such industries more prosperous. The effect of such agitation, emanating as it did from special and selfish interests, operated to arouse the Democratic party to a new and vigorous assault on the entire protective system. It furnished the opportunity for which they had been eagerly waiting. In connection with this another cause was operating that exerted a great influence on the opinions of our urban population. As a result of the full employment of labor at increased wages and the unparalleled prosperity and activity of our industries and of all branches of business, the most tremendous demand for clothing, food products and all

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sorts of necessaries and luxuries of life was created. By the operation of the well-known law of supply and demand this condition brought about a rise in prices. Hence the cry was raised that the tariff should be revised to reduce the high cost of living; and this became the slogan of the Democratic party, and was encouraged and assented to by many Republicans.

Other influences.

Other influences operated to weaken the Republican party. The law imposing a tax on the net incomes of corporations; the approval of an income tax; the prosecution of corporations for violating the Sherman Anti-Trust law; the restrictions placed on the management of railroads by acts of Congress, and regulations adopted by the Interstate Commerce Commission, all these prejudiced many business men and capitalists against the Republican party.

A spirit of independence of political parties had been growing for several years. Men had been rewarded by high positions for disloyalty to their party, and others had been set aside and discredited because of their long leadership in party organizations and because of their devotion to party policies and principles. To vote a split ticket had become a fad and a measure of good citizenship. The Republican press and the Republican administration had joined in the movement for a downward revision of the tariff to an extent which had discredited sound protectionism. The protective system had few defenders and many assailants.

A misguided public sentiment which made the Payne-Aldrich law wholly misunderstood was fostered and stimulated by the enemies of the protective system. One of the most serious changes affecting American politics had been the decadence of strong party newspapers and the rise of the so-called independent press. Ever since the formation of the Republican party, in every city and village of importance throughout the Northern States there had been conducted strong party organs owned and edited by able, educated men who were in full sympathy with the great principles advocated by the party and ready at all times and on all occasions to defend it and its principles against attacks. We had now reached a time when those old editors who had been such valiant workers in support of the principles of the Republican party had passed away, and in their places were men of great talent and ability, skilled in the business management of newspapers, in the collection and distribution of news, who had brought journalism to a higher state of business perfection, but who were not imbued with the same partisan spirit or so thoroughly entrenched in the fundamental doctrines and principles of the Republican party as were their predecessors. Moreover, the increased expenses in conducting and successfully managing a modern newspaper enterprise had made journalism more strictly a business propo-

The press.

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sition. To keep up and extend the circulation and to fill the columns with profitable advertising matter had become features which no successful newspaper could neglect. The result had been that through the growth of the non-partisan press, or, as we might say, a less partisan press, the renewed attack on the protective policy which was systematically organized and directed by those who had for their essential purpose the complete overthrow of the protective policy, had not been resisted and exposed as it would have been by the old-fashioned Republican editors. Moreover, the editions of newspapers had become so large that the question of a saving in the cost of the paper used was a problem of no small moment to the publishers. Without appreciating that their financial success depends largely upon the prosperity of those who were to fill their columns with advertisements and that such prosperity is of much more importance than a small saving which might be effected by a removal of the duties on print paper, the press of the country had given great strength and support to the low tariff movement. Arising from a desire to obtain, as they believed they would, cheaper paper, the press of the country had become active in promoting the agitation for a revision of the tariff.

Party discord.

The tide was apparently running against the Republican party. Factional strife had created party discord in many States. The charge, that the Payne-Aldrich law was not a fulfillment of the tariff pledges of the Republican platform and that the party had betrayed the people, was made everywhere. The Payne-Aldrich law was necessarily disappointing to those who had been led to believe that a downward revision was to be made for their benefit. The statement made by General Hancock in 1880, that the tariff is a local issue, was now being verified. Party loyalty and party integrity had largely disappeared. The general public welfare was lost sight of.

The campaign which had been waged by Democrats as well as Republicans in favor of the downward revision of the tariff had so discredited the cause of protection that there was little hope for the election of a Republican Congress. President Taft, with the hope of turning the tide in favor of his party, on August 20, 1910, wrote a letter to Mr. McKinley, chairman of the Republican Congressional Committee, in which he promised a still further downward revision of the tariff, to be made upon information to be furnished by the Tariff Board, taking up one industry at a time. The effect of this letter on the public mind was to utterly discredit the Payne-Aldrich law, and to give color to the claim of the Democrats that the Republican party had failed to fulfill its pledges to the people. During the entire campaign there was a notable lack of defence of the protective policy. The warnings which had repeatedly

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been given by such organizations as the American Protective League of New York, the Home Market Club of Boston and the Iron and Steel Association of Philadelphia, were ignored.

Timidity of Republicans.

At the same time even the Republican Congressional Campaign Committee had become so distrustful of public sentiment that it avoided sending out old-time protection literature. The Republican Campaign Text Book set forth the virtues of the Payne-Aldrich law as a downward revision of the tariff, but had little to say in defence of the protective policy, and featured the important legislation enacted and proposed on other subjects. It is most significant, however, that in the Congressional districts where the Republican candidates defended protection with vigor and ability, Republican majorities were kept up, showing that if this had been done in every part of the country and the party had been true to its traditions, a Republican majority would have been returned.

Republicans everywhere were humiliated and disheartened over what they believed to be a surrender of the most vital principles of their party. The result was precisely what might have been expected from a campaign which, if not openly, in effect at least, conceded that the protective system as it was being maintained by the Republican party should be greatly modified.

The outcome was what is called a "tidal wave." The Democratic party swept the country. The pluralities of the total vote cast in the country were changed from 686,468 in favor of the Republican party in 1908, to 87,771 in favor of the Democratic party in 1910. The total vote cast by the Republican party fell off from 7,242,985, cast in 1908, to 5,591,301 cast in 1910, while the total Democratic vote of 6,556,517 in 1908, dropped to 5,679,072 in 1910, a reduction of 877,445. The new Congress stood as follows: 228 Democrats, 162 Republicans, 1 Progressive Republican, 1 Socialist, 2 vacancies—a Democratic majority of 64.

The result.

Of the 26 new Governors, the Republicans elected 15. The most prominent Democrats elected Governors in States formerly held by Republicans were Eugene N. Foss in Massachusetts, John A. Dix in New York, Simon N. Baldwin in Connecticut, Woodrow Wilson in New Jersey and Judson Harmon in Ohio. Governor Harmon carried Ohio by 100,000 majority, Dix New York by 66,000, Foss Massachusetts by 33,000 plurality, Baldwin Connecticut by 3,000 plurality, and Wilson New Jersey by 40,000. Burke, a Democrat, was elected Governor of North Dakota. V. L. Berger of Milwaukee, a Socialist Democrat, was elected to Congress from that district. Seven Insurgent Republican Congressmen were defeated, as follows: Fish, Parsons and Foelker of New York, Barnard of Indiana, Griek of Ohio, Carey of Wisconsin and Gronna of North Dakota (in primary). Among the prominent Republicans de-

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feated were W. W. Coxe, J. Sloat Fassett, William S. Benett, D. S. Alexander and William Willett of New York; General Keifer, Ralph Cole and James Kennedy of Ohio. Only one Republican Congressman was elected in Indiana, which was Representative Crumpacker, and only one in Virginia, C. B. Slemp. The Republican representation from Missouri was reduced from 6 to 2; 2 were lost in Iowa; 4 in West Virginia, including Mr. Gaines; and one in Wisconsin; 2 Democrats were elected in Michigan. The Republicans lost in representation in New Jersey 6 and in Pennsylvania 4. Sereno E. Payne, the chairman of the Ways and Means Committee, was re-elected by a small plurality. John Dalzell of Pennsylvania was re-elected, although an extraordinary effort was made to encompass his defeat. Speaker Cannon was re-elected by a plurality of 5000.

Retirement of leaders.

The Republican party continued to control the United States Senate, although there was a sufficient number of Insurgent Republicans in that body which, combined with the Democrats on certain matters of legislation, could defeat Republican action. By the result of the election the Republicans lost the services of many able and distinguished members, such as Chauncey M. Depew of New York, John Kean of New Jersey, Charles Dick of Ohio, Nathan B. Scott of West Virginia, Warner of Missouri, Beveridge of Indiana, Carter of Montana, and Burkett of Nebraska.

In addition to those above mentioned, the Republicans lost the service by retirement on March 4, 1911, of Senators of long experience in public life who had been distinguished as uncompromising defenders of the cause of protection, among whom may be named Eugene Hale of Maine, Nelson W. Aldrich of Rhode Island, Julius C. Burrows of Michigan, Morgan J. Bulkeley of Connecticut and Frank P. Flint of California. Among those who have recently died should be mentioned David L. D. Granger, Representative of Rhode Island; Martin N. Johnson, Senator of North Dakota; Francis W. Cushman, Representative from Washington; Samuel D. McEnery, Senator from Louisiana, a protectionist Democrat; Jonathan P. Dolliver, Senator from Iowa, and Stephen B. Elkins, Senator from West Virginia. The result of the election was quite generally accepted by the press of the country and by the administration, as a condemnation of the Payne-Aldrich law, and as evidence of a strong sentiment in favor of a further downward revision of the tariff.

The Canadian Agreement.

The downward revision plan of tariff reduction was boldly proclaimed and vigorously entered upon when on January 26, 1911, by special message to Congress President Taft submitted to that body a proposed com-

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mercial agreement between the United States and the Dominion of Canada. The history and details of the agreement, together with a discussion of the principles embodied in it, may be found in Chapter IX., page 477 of this volume. The agreement provided for free trade in farm products between the two countries. Although President Taft had informed Congress in his message of December 6, 1910, that negotiations were then under way for effecting a reciprocal agreement with Canada, yet the public had not had the slightest intimation that the contemplated agreement would go further than to provide for the admission of lumber and certain raw materials, etc., of the production of Canada, into the United States upon more liberal terms. That the American market would be surrendered to the free admission of Canadian farm products and that protection would be entirely withdrawn from our agriculturists had not been suggested as a possible outcome of the negotiations which were then pending. When, however, it became known that President Taft was committed to free trade with Canada in farm products, the protectionists of the country were utterly amazed. They believed that the approval of the treaty would be destructive of the whole protective system, and become a more powerful agency in disorganizing the protective forces of the country and disrupting the economic policy of the United States than any measure which had been introduced in Congress since the act of 1857. From an economic point of view it was a repudiation of the most vital principles of protection. It would subject the American farmer in his home market to a most destructive competition from his greatest rival. It violated the great economic law of the value to the nation of domestic exchanges over foreign exchanges. The agreement provided facilities for fostering the development of the agricultural resources of a foreign country, and that country the most powerful and greatest competitor of our own producers. Under its operation the American market would be flooded with the farm products of the Dominion and the wealth and resources of the United States become diminished. It violated the policy of protection to the home market, protection to native industry, and protection to American labor and capital. It was free trade pure and simple. It was in violation of the express declarations, pledges and promises of the Republican party to the American people. Yet this fact seemed to have been entirely overlooked by its advocates who have exercised such extreme care in carrying out the pledges embodied in the platform of 1908, especially as interpreted by themselves. It violated the principles of the protective system in that it was based on favoritism and discrimination, by denying protection to one industry with the idea by so doing of making other industries more profitable. If the treaty had become effectual it would have destroyed that unity of interest and co-operation which has existed between

Reciprocity.

Attacks on the farmers.

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protected agriculturists and protected manufacturers and laborers during the whole history of our country. One of the cardinal principles of the protective system, as advocated by the Republican party, has been to protect all industries alike that they may prosper alike. Moreover, to abandon the American farmer to such fate was a breach of that just treatment to which the American farmer had become entitled by what was believed to be the settled policy of the United States. For more than eighty years our duty of 25 cents a bushel on wheat has been the factor which has induced the English, Irish, Scotch, Swedes, Norwegians, Danes and Germans to become American farmers instead of Canadian farmers. Protection to agriculture has been one of the prime causes in the development and growth of our country. On account of the security given by the protective system the foreigners above mentioned have become American citizens and have bought farms and devoted their lives to their cultivation and improvement, and according to every principle of political justice they had the right to expect that the security which had made their investments profitable would be continued.

Republican pledges violated.

Again, from a political point of view the proposal of this agreement was unwise. The people of the States on the Canadian border from Maine to Washington have uniformly supported the Republican party and made its success possible. They have had a voice and exerted an influence in making its platforms, selecting its candidates and formulating its policies. The declarations and principles of the Republican party were as much their declarations and their principles as they were the declarations and principles of any other members of the Republican party. The platforms of 1900 and 1904 of the Republican party had explicitly prohibited such agreement, and the platform of 1908 said:

> The aim and purpose of the Republican party [is] not only to preserve, without excessive duties, that security against foreign competition to which American manufacturers, farmers and producers are entitled, but also to maintain the high standard of living of the wage earners of this country.

This pledged the party distinctly to the support of protection to agriculture. The American farmers gave their support to the Republican party in 1908 with the idea that protection to their interests would be continued. The proposal of the Canadian agreement was universally regarded by protectionists as the worst blow which the protection policy had received since 1857. The Republican farmers of the country rose *en masse* against it. Nearly every agricultural paper opposed it. The manufacturers disapproved of it. A majority of the Republican members of the House of Representatives voted against it. It was once

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defeated in the Senate by the Republican members. It was supported by the free traders, by the Democratic members of the House of Representatives and of the Senate, by the Democratic press of the country, and by Democrats generally. There was, however, a small percentage of Republicans residing in the cities who were led to believe that its adoption would bring about a decline in the prices of farm products, and as beneficiaries of a policy that would result in injury to the agriculturists of the country, they gave it their approval. The reasons given by President Taft for supporting and proposing the agreement are set forth in the quotations from his message found in Chapter IX, pages 495-6. The point however, which is intended to be made here, is that the proposal of the Canadian agreement was a decided step taken by President Taft in the formulation of a new economic policy for the United States.

The Extra Session of Congress in 1911.

Democracy in control.

The Reciprocity bill having been defeated in the Senate, although favorably reported by the Senate Committee on Finance, the Republican majority refused to permit it to come to a vote. President Taft renewed his efforts by calling an extra session of the Sixty-second Congress for April 4, 1911. The only legislation recommended by the President in his message was the reconsideration and enactment of the necessary legislation to make operative the agreement.

At this time the Canadian agreement had been disapproved of by a majority of the Republican members of both branches of the Congress. It had been supported at the last session by almost a united Democratic party. It had ceased to be, if it ever was, a Republican measure, although negotiated by direction of a Republican President and supported by a Republican administration. As soon as it became known that the control of the next House of Representatives would pass to the Democratic party, a demand was made on President Taft by the Democratic press of the country for an extra session of the new Congress, to be convened immediately after the 4th of March. It then remained for the Democratic party to carry forward and make effectual this extraordinary measure. The House of Representatives contained 228 Democrats and 162 Republicans. The Senate stood as follows: Democrats 41, Republicans 51. Champ Clark of Missouri, who had seen long service in the House of Representatives, was chosen Speaker by the Democratic party. The Speaker appointed the following Representatives as members of the Committee on Ways and Means: Underwood (Chairman), Randall, Harrison of New York, Brantley, Shackleford, Kitchin, James, Rainey,

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Dixon, Hughes of New Jersey, Hull, Hammond, Peters, Palmer, Payne, Dalzell, McCall, Hill, Needham, Fordney and Longworth.

Oscar W. Underwood of Alabama was made chairman of that Committee, and therefore the leader of the Democratic majority. The Canadian agreement was reintroduced by Mr. Underwood. It passed the House on the 21st day of April by the following vote: 267, ayes, 59 nays present, 30 not voting. For: Republicans, 64; Democrats, 203. Against: Republicans, 78; Democrats, 11.

Reciprocity carried.

In the organization of the Senate, the Finance Committee, to which must be referred all tariff legislation, was composed of Penrose (Chairman), Cullom, Lodge, McCumber, Smoot, Gallinger, Clark of Wyoming, Hepburn, La Follette, Bailey, Simmons, Stone, Kern and Johnson of Maine.

Its consideration by the Senate was begun on the 14th day of June, 1911, and it passed that body on the 22d day of July, 1911, by a vote of 53 to 27. For: Republicans, 21; Democrats, 32; against: Republicans, 24, Democrats, 3; was approved by the President on the 26th day of July, and on September 21, 1911, was rejected by the people of the Dominion of Canada in a popular election of a new parliament.

Farmers' Free List Bill.

A free trade bill.

The Democratic majority, elated and encouraged by their recent victory at the polls, with vigor and enthusiasm renewed their assault on the protective policy. The proposal of the Canadian agreement had embittered the Insurgent representatives of the Western farmers and intensified their hatred of Eastern manufacturers, although the Canadian agreement had been generally opposed by the protectionists of the East. The Insurgents at once became the allies of the Democratic majority, and gave their support both in the House and in the Senate to the Democratic program of tariff reduction. The next bill, presented by Mr. Underwood, was known as the Farmers' Free List bill. It placed on the free list plows, harvesters, reapers and other agricultural implements; bagging for cotton; hoop or band iron; wire for baling hay, straw, etc.; sole leather and leather belting; boots and shoes; barbed fence wire; meats of all kinds; corn meal, wheat flour, rye flour and all prepared cereal foods; biscuits, bread and wafers; timber, shingles, laths, fencing posts, sawed boards and other lumber, rough or dressed; sewing machines, and many other articles.

What the Canadian Reciprocity lacked to strip the American farmer of the last vestige of protection to his products, was supplied by the Farmers' Free List bill, a bill which placed on the free list beef, veal,

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mutton, lamb, pork, and meats of all kinds, fresh, salted, smoked, pickled, dried, dressed or undressed, prepared or preserved in any manner; bacon, hams, shoulders, lard, lard compounds and lard substitutes, and sausage and sausage meats.

In the House an amendment was adopted which included lemons among the articles exempted from duty, and in the Senate an amendment proposed by Senator Kern limited the free import of meats and cereals to those from Canada. Binders were added to the list of free farm implements. Roman and Portland cement were to be put on the free list, and boots and shoes made from hides of cattle were retained in the dutiable list. The bill passed the House on May 8, by a vote of 236 to 109; it was supported by all of the Democrats and 24 Insurgent Republicans. It passed the Senate on August 1, by a coalition of Democrats and Insurgents, was accepted by the House and vetoed by the President on August 18. The Free List bill was introduced and advocated upon the theory that it would compensate the farmers for the losses which they would sustain by reason of the Canadian agreement. Instead of being called a Farmers' Free List bill, it should have been designated as an act of Congress to inflict reciprocal injuries upon the industries of the United States.

Insurgents aid Democrats.

The Compromise Wool Bill.

A bill providing for a revision of the wool schedule was introduced by Mr. Underwood on June 2. It imposed a duty of 22 per cent ad valorem on raw wool and average duties of 40 per cent ad valorem on manufactures of wool. This bill passed the House on June 20 by a vote of 200 ayes and 100 nays. It received the support of 196 Democrats and 24 Insurgents. This measure was jammed through the House, but failed to pass the Senate. The Senate adopted the La Follette amendment carrying a duty of 40 per cent on raw wool of the first and second class, 10 per cent on wool of class three, 30 per cent on waste, noils, shoddy, rags, and flocks, 45 per cent on tops, 50 per cent on yarns, and 60 per cent on cloths, blankets, dress goods and wearing apparel, and 40 per cent on carpets. The bill then went into conference, Senator La Follette and Mr. Underwood largely controlling the resultant decision of the committee. The outcome of the conference was a compromise between the rates of the Undrwood bill and the La Follette amendment. Only one class was made of raw wool, and the duty fixed at 29 per cent. A small duty was placed upon rags, noils, shoddy, and waste; a 34 per cent duty was placed on tops; yarns given a 39 per cent duty; cloths and dress goods 49 per cent, blankets and flannels 30 per cent; carpets 50 and 40 per cent. The agreement of the conference was reported to the House

Schedule K.

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on August 14, and after a brief but vigorous debate was passed by a vote of 206 to 90, receiving the support of all the Democratic members and 30 Insurgent Republicans. On August 15 the conference agreement passed the Senate by a vote of 38 to 28. The vote stood as follows: For: Democrats, 30; Insurgents, 8. Two of the Progressive or Insurgent Senators, Borah of Idaho and Bourne of Oregon, voted against the bill.

The Underwood Cotton Bill.

The cotton schedule.

The next bill proposed by Mr. Underwood provided for a reduction of duties on cotton goods. It passed the House of Representatives on the 3d day of August by a vote of 202 to 91. It received the support of the Insurgents and was opposed by the Regular Republicans. It passed the Senate on the 17th day of August by a vote of 29 to 24; a sufficient number of regular Republicans absenting themselves from the Senate when the vote was taken to deprive the Insurgents of sharing in the victory. The bill as passed included the Simmons amendment which reduced the duty on textile machinery to 30 per cent; the Overman amendment reducing the duty on chemicals, oils and paints; the Cummins amendment reducing the duty on iron and steel, and an amendment placing bituminous coal on the free list (coal from Canada, however, not to be included until coal from the United States is admitted into Canada free). Few, if any, reductions were made in the duties on the coarser grades of cotton goods manufactured so largely in Southern mills, while very material reductions were made in the duties on higher grade goods, the product of New England mills. It should be noted that the imports of upwards of $60,000,000 of cotton fabrics are confined almost exclusively to the finer grades of goods made in Eastern mills, and that the reductions made in the protective duties could not fail to greatly injure those industries which are being subjected to a ruinous foreign competition in the finer grades of fabrics.

President Taft's Vetoes.

President Taft, with commendable promptness, disapproved of the three bills which passed Congress by the combined votes of Democrats and Insurgents.

The action of the Democratic members of the House and Senate, aided by the Insurgent Republicans, in passing the three hastily prepared and ill-considered measures, was in perfect harmony with the tariff-for-revenue-only policy of the Democratic party. The measures were more

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sweeping and radical in the reduction of duties than was the Wilson bill, and had they received the approval of President Taft they would have been more injurious to the industries affected than was the act of 1894. To repeal the protective duties in such a way as to make possible the importation of a vast quantity of competing commodities, requires no investigation either by a tariff board or by hearings given to manufacturers by Congress. In the message accompanying his veto of the Woolens bill President Taft stated his position as follows:

I was elected to the Presidency as the candidate of a party which in its platform declared its aim and purpose to be to maintain a protective tariff by the "imposition of such duties as will equal the difference between the cost of production at home and abroad, together with a reasonable profit to American industries." I have always regarded this language as fixing the proper measure of protection.

Veto of Woolens bill.

The business of the country rests on a protective tariff basis. The public keenly realized that a disturbance of business by a change in the tariff, and a threat of injury to the industries of the country ought to be avoided and that nothing could help so much to minimize the fear of destructive changes as the known existence of a reliable source of information for legislative action.

If there ever was a schedule that needed consideration and investigation and elaborate explanation by experts before its amendment, it is Schedule K. There is a widespread belief that many rates in the present schedule are too high. I share this belief, but I have no sufficient data upon which I can judge how Schedule K ought to be amended, in order that the new bill shall furnish the proper measure of protection, and no more. Nor have I sources of information which satisfy me that the bill presented to me for signature will accomplish this result. The parliamentary history of this bill is not reassuring upon this point. It passed in the House as providing a tariff for revenue only, and with the avowed purpose of departing from a protective tariff policy.

An avowed tariff-for-revenue and anti-protection bill is by compromise blended with a professed protection bill. The principle followed in adjusting the amendment of existing law is, therefore, not clear, and the effect of the bill is most uncertain.

When I have the accurate information which justifies such action, I shall recommend to Congress as great reduction in Schedule K as the measure of protection already stated will permit.

More than a million of our countrymen are engaged in the production of wool and the manufacture of woolens; more than a billion of the country's capital is invested in the industry. Large communities are almost wholly dependent upon the prosperity of the wool grower and the woolen manufacturer. Moderately estimated, five millions of the American people will be injuriously affected by any ill-advised impairment of the wool and woolen industries. Certainly we should proceed prudently in dealing with them upon the basis of ascertained facts rather than hastily and without knowledge to make a reduction of the tariff to satisfy a popular desire, which I fully recognize, for reduction of duties believed to be excessive.

If I fail to guard as far as I can the industries of the country to the extent of giving them the benefit of a living measure of protection, and business disaster ensues, I shall not be discharging my duty. If I fail to recommend the reduction of excessive duties to this extent, I shall fail in my duty to the consuming public.

Certainly the public weal is better preserved by delaying ninety days in order

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to do justice, and to make such a reduction as shall be proper, than now blindly to enact a law which may seriously injure the industries involved, and the business of the country in general.

When the veto message was read by the clerk of the House of Representatives it was greeted by applause on the Republican side. Mr. Underwood immediately called up the bill and moved its passage over the President's veto. The attempt to pass the measure over the veto, however, failed, the affirmative vote being 227 and the negative 129. Twenty-two of the affirmative votes were cast by Insurgent Republicans and one independent Republican. The action of the President tended to restore confidence, and gave to the industries of the country a degree of security, for a time at least, against destructive tariff measures.

Veto of the Farmers' Free List Bill.

President Taft outlined his objection to the Farmers' Free List bill in a strong message sent to the House on August 18:

Veto of Free list bill.

I withhold my approval from this bill, therefore, for these reasons: First, because it should not be considered until the Tariff Board shall make report upon the schedules it affects; second, because the bill is so loosely drawn as to involve the government in endless litigation and to leave the commercial community in disastrous doubt; third, because it places the finished product on the free list, but retains on the dutiable list the raw material and the machinery with which such finished product is made, and thus puts at an excessive disadvantage our American manufacturers; and, fourth, that while purporting, by putting agricultural implements, meat and flour on the free list, to reduce the price to the consumer, it does not do so, but only gives to Canada valuable concessions which might be used by the executive to expand reciprocity with that country in accordance with the direction of Congress.

Veto of the Cotton Bill.

After pointing out some of the most objectionable features of the cotton measure and showing that it had been hastily prepared, the President added:

I find that there was practically no consideration of either schedule by any committee of either house. There were no facts presented to either house in which I can find material upon which to form any judgment as to the effect of the amendments either upon American industries or upon the revenues of the government.

Briefly reviewing the manner in which the iron and steel and chemical amendments were added to the bill, the President said:

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I cannot make myself a party to dealing with the industries of the country in this way. The industries covered by metals and the manufacture of metals are the largest in the country, and it would seem not only wise but absolutely essential to acquire accurate information as to the effect of changes which may vitally affect these industries before enacting them into law.

Concerning the cotton industry, the President said the capital invested in 1909 amounted to $821,000,000, the value of the product to $629,000,000, and the number of wage earners to 379,000, making, with dependents, a total of at least 1,200,000 persons affected, with annual wages of $146,000,000. He also commented:

Pledged to support a policy of *moderate protection,* I cannot approve a measure which violates its principle.

When the reports of the Tariff Board upon these schedules are received, the duties which should be imposed can be determined upon justly, and with intelligent appreciation of the effect that they will have, both upon industry and upon revenue.

Veto of cotton bill.

Very likely some of the changes in this bill will prove to be desirable and some to be undesirable. So far as they turn out to be just and reasonable, I shall be glad to approve them, but at present the proposed legislation appears to be all a matter of guesswork. The important thing is to get our tariff legislation out of the slough of guesswork and log-rolling and *ex parte* statements of interested persons, and to establish that legislation on the basis of tested and determined facts to which shall be applied, fairly and openly, whatever tariff principle the people of the country choose to adopt.

While the action of President Taft in saving the industries attacked by this legislation from destruction should be commended by the protectionists of the country, yet the reasons embodied in his messages for so doing, when considered in the light of all that he might have said on the subject, did not give assurance of future safety, for it is apparent that if this legislation had been in harmony with and based upon reports of the Tariff Board, the bills would have been signed. To divest Congress of the exercise of its judgment; to exclude from the councils of our law makers the advice and aid of our experienced manufacturers, farmers and laboring men in fixing the rates of protective duties and commit the whole matter to a Tariff Board, would be fraught with the gravest dangers to our whole industrial system.

The Cause of High Prices.

The rise in prices which has taken place since 1897 has been seized upon and urged as a reason for reducing the tariff by those who were looking about for a new ground of attack on the protective system. During the depression in business between 1894 and 1897, which resulted from

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the downward revision of the tariff, wages and prices suddenly fell below any point which they have reached since 1860. The market at that time was glutted with grains, provisions and all sorts of commodities. Labor was idle, mills were closed and the incomes of the people were cut off. The supply of everything was greater than the demand, and the low prices which prevailed were easily accounted for as resulting from the operation of a natural economic law. Following the restoration of protection, in 1897, labor was soon fully employed at increased wages; factories were put in operation running night and day, and for nearly fifteen years we have enjoyed a constantly expanding industrial growth.

Causes of high prices.

As to the high cost of American living which has been made the basis of the crusade against the policy of protection, it is in part easily accounted for by the increased demand from people fully employed at high wages, as contrasted with the weak and uncertain demand of people working intermittently or at low and discouraging wages. It will be noted that all comparisons between the present alleged high cost of living and the low prices in 1896 are purely comparisons of prices between periods in which the Gorman-Wilson law obtained and those in which the Dingley law prevailed. It is the unvarying rule that increased employment brings increased wages, which are always equivalent to an increased demand for food, clothing, shelter, education, amusement, etc. And there can be no relative increase in demand without also a relative increase in prices. This arises merely from the natural operations of the so-called law of supply and demand, which decrees that an increase of demand over supply must always mean higher prices. With full power of increasing wages, and therefore purchasing power, the average citizen not only buys more liberally of staples, but he vastly increases the list of the things he buys. Rising prices of foodstuffs are usually a sign of full employment, high wages and general prosperity; low prices of these things, a sign of poverty and general misery. Our economic conditions during this period (1897-1912) have been most extraordinary. The world furnishes no parallel of such a prodigious industrial growth as has taken place in the United States during that time. The spendable incomes of a people were never, during the same length of time so augmented, nor have they reached the magnitude of those of the United States. The old saying that commerce follows the flag might be applied to domestic trade, for it is simply saying that trade begets trade, industry begets industry and supply begets demand. The increase in the supply of commodities by productive industry at the same time increases the consumptive powers of the people, and thereby increases the demand, so there is created an ever-expanding supply and an ever-expanding demand. Less than thirty years ago many able and well-informed statesmen believed that the productive powers of the people had been so increased by the use of machinery and the applica-

Effect of full employment.

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tion of the sciences to methods of production, that our great danger lay in over-production, but during recent years of full employment at high wages the consumptive powers of the people have been so augmented that consumption has kept abreast of production. One cause of the tremendous increase in consumption, and a cause which is entirely rational, is the elevation of the state of our civilization through the better education of the masses. Our common schools, graded and high schools, our colleges and universities, have worked a complete transformation of the people from that of a few educated families to a nation of the most universally educated and enlightened of any on the globe. This has increased the tastes and desires of the masses for the best that life affords. Things which were luxuries and enjoyed only by the well-to-do a generation ago, have become the necessaries of the masses. This is noticeable in the clothing, house-furnishings and the variety of food, as well as in the amusements and travel enjoyed; the papers and magazines taken; the theaters supported and luxuries enjoyed. Witness in any town or city the increase in the number of barber shops, boot-blacking establishments, cigar and tobacco stores; the street surface railroads; the confectionery and fruit stores; the florists' and the millinery and dressmaking establishments. The mode of living has greatly changed, and, as Mr. Hill said, the trouble is not from the high cost of living, but from the cost of high living. But all of this increases employment, creates business and keeps money in active circulation.

President Taft's conception of the economic causes which have been operating to increase the prices in the United States is shown in his speech delivered at Winona, Minnesota, September 17, 1909, when he said:

President Taft's views.

> The high cost of living, of which 50 per cent is consumed in food, 25 per cent in clothing, and 25 per cent in rent and fuel, has not been produced by the tariff, because the tariff has remained the same while the increases have gone on. It is due to the change of conditions the world over. Living has increased everywhere in cost—in countries where there is free trade and in countries where there is protection—and that increase has been chiefly seen in the cost of food products. In other words, we have had to pay more for the products of the farmer, for meat, for grain, for everything that enters into food. Now, certainly no one will contend that protection has increased the cost of food in this country, when the fact is that we have been the greatest exporters of food products in the world. It is only that the demand has increased beyond the supply, that farm lands have not been opened as rapidly as the population, and the demand has increased.

The prodigious increase in the demand for raw materials is shown by the growth of our manufactures, from a product of $11,406,000,000 in 1900 to $20,672,000,000 in 1909, and in materials worked up from $12,-

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675,000,000 in 1904 to $18,428,000,000 in 1909. This gives an idea of the foundation upon which the internal commerce of the United States was erected. Mr. O. P. Austin, speaking of the growth of the internal commerce of the United States, said:

> The internal commerce of the United States has grown from $7,000,000,000 in 1870 to $28,000,000,000 in 1908, while the international commerce has grown from $11,000,0000,000 in 1870 to $28,000,000,000 in 1906; in other words, while the international commerce of the world is now two and one-half times as great as in 1870, the internal commerce of the United States is now four times as great as in that year, and equals the entire commerce between all nations.

The growth of banking facilities, means of communication, the perfection of machinery, more highly perfected methods of organizing and conducting business, extension of railroads and transportation facilities, have all been powerful agencies in promoting the development and growth which have taken place. The increase in our population of about 15,000,000 souls has created an additional demand for all sorts of commodities. Another element which has affected prices, especially of food products, is the relative growth of our urban population as compared with the rural.

Modern business methods.

Moreover, a marked change has taken place throughout the entire country in every branch of production, distribution and trade in the methods of transacting business. The old method pursued so many years by manufacturers and producers—of accumulating a large stock or surplus, without knowing whether or not it would find a market—has gradually disappeared. We are approaching more and more a point where goods are sold before they are made. The manufacturer sends out his salesmen in the spring to take orders for the fall trade, and later in the season to take orders for the spring trade; hence, he keeps in close touch with the demand and avoids the accumulation of an unsold surplus. The manufacturer also conducts his business by more efficient and scientific methods. He keeps a cost account and knows what the selling price must be in order to insure a profit. This is equally true of wholesalers and, in great part, of the retail merchant. Our business men are more intelligent than during any period in our history; they are all endeavoring to conduct business on a profit basis. Merchants carry relatively smaller stocks than a generation ago; they can order goods by telephone, telegraph or mail, and by fast freight or express receive them in a few hours. So, as one business man expressed it, the whole country is being placed on a hand-to-mouth system of buying. This method of conducting business is becoming the rule even in those times when the future looks bright and conditions tend to influence liberal purchases.

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World wide changes.

This spirit which pervades the entire business world tends to the maintenance of good prices and discourages what for years was known as cut-throat competition. This transformation has taken place entirely independent of trusts, combinations and price agreements and has arisen from an intelligent, prudent and highly civilized method of conducting business. It is a system which has come to stay; it is a system which tends to steady business, prevent over-production and bring stability and security to the entire business world.

At the same time competition is fierce and unremitting, and the business man or producer who is successful must be alert, adopt every new idea and practice the most advanced methods, or he will go to the wall. As a capable and experienced business man recently said to the writer: "Those who claim that competition does not exist have not been in the game."

The increased demand for materials and food products is world-wide. Germany, France and all nations of Continental Europe, with insignificant exceptions, are directing their energies to promote the development of their native resources, the increase of their manufactures and the production of grains and provisions. One of the most striking features of the industrial development of these European countries during the past thirty years is found in the growth of manufactures and increase in agricultural products. Capitalists are exploring Canada, Mexico, the South American republics, the Continent of Africa, the Balkan States and even China and Japan. The development of resources, the establishment of means of communication, are taking place at an unheard-of rate in regions hitherto scarcely explored. These operations have tended to increase the earnings and spendable income of the people and thereby to create a prodigious world-wide demand for raw materials, food, clothing and every conceivable article which supplies the necessaries and luxuries of man. The outflow of emigration from the densely populated centers of the Old World is taking place in every direction. We are living in an age of the most widely extended industrial and commercial development which the world has ever witnessed. The United Kingdom seems to be the only nation which has been falling behind and whose home industries are relatively declining, although the foreign trade of that country has greatly increased during the last fourteen years on account of the prosperity and growth of other countries which have taken the products of its factories.

We in the United States have during the past ten years been living in an age of public investigations. Trusts, corporations, railroads, manufacturing and many other departments of business have been investigated by committees appointed by Congress, yet, notwithstanding the outcry

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against high prices, the high cost of living and the great diversity of opinions which have been expressed on their causes, no public investigation has been undertaken on the subject. The enemies of our industries have persistently laid the blame at the door of protected manufactures, and urged as the remedy that we reduce the protective duties on imports so that our market may be flooded with the cheap goods made by the poorly paid labor of the Old World, even though it would bring about a complete disorganization of our industries, a reduction in wages, and produce the same calamitous results which we experienced during the low-tariff period from 1894 to 1897.

Failure to ascertain facts.

During the discussion of the tariff which has occupied so much space in the public press and brought forth so many speeches in Congress against the protective system, no facts have been presented proving that the American manufacturers whose industries are protected have charged exorbitant prices or made unreasonable profits. The woolen industry has recently been fully investigated by the Tariff Board and its report has been filed with Congress. The report is a complete exoneration of the woolen manufacturers. It shows that the profits of the woolen manufacturers are very small and reasonable; that a profit of only 23 cents is made on the cloth which goes into a suit of clothing selling at retail for $23; that active and sharp competition exists; that the industry is not controlled by trusts or combinations; that the manufacturers have not advanced prices to the extent of the duties; it appearing that the ad valorem rates of duties on the great bulk of the goods made in our factories average 184 per cent on the British selling price of the same class of goods, and that our manufacturers sell their goods at an advance of only 67 per cent above such foreign valuation, while they pay more than 100 per cent higher wages than are paid in England, and are placed at a great disadvantage in the cost of machinery and the materials used. It is confidently believed that if a similar investigation were conducted of all branches of American manufactures, the same conditions would be found to exist. It is a significant fact that the report shows the clothing manufacturers make only the moderate profit of $2.18 on a suit of clothes selling at wholesale for $16.50; that the farmer makes a profit of 68 cents on the wool, and that the retail clothing dealer makes a profit of $6.50 on the suit sold to the consumer for $23.00.

Although no systematic investigation has been made on the subject, sufficient facts have been made public to show that the widest margin in prices between those which the consumer pays and those which the jobber charges is found to exist in imported goods. The *American Economist* made some investigations in the spring of 1910 which showed that the retailer made a profit of 79.6 cents on stockings imported from Germany;

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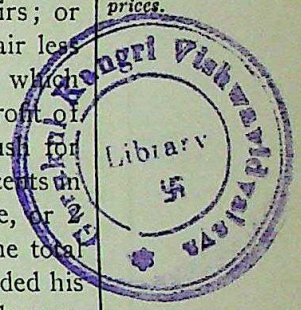
the cost to the importer, including all dutiable charges, was $1.904 per dozen pairs; the duty was 90 cents per dozen pairs and 15 per cent ad valorem, making a total cost, duty paid, of $3.09 per dozen pairs; or 25 3-4 cents per single pair. The retailer paid $3.60 per dozen pair less 7 per cent for cash, or $3.34. The retailer sold the stockings which cost him 27 5-6 cents per pair for 50 cents per pair, making a profit of 79.6 per cent. Another illustration is found in brushes. A brush for which the consumer paid the retailer 35 cents cost the importer 5 cents in France. The duty was 40 per cent of the foreign market value, or 2 cents; allowing for insurance, freight and incidental expenses, the total cost in New York was not to exceed 8 1-2 cents. The importer added his expenses and profit and sold it to the retailer for 12 1-2 cents. The purchaser paid the retailer 22 1-2 cents more than the brush cost him, or a profit of 180 per cent. He paid 311 per cent more than the brush cost laid down in New York, duty paid. The same retailer sold the purchaser a tooth brush for which he paid 7 cents, and which he sells at 55 cents, at a profit of 700 per cent.

Retail prices.



Another instance was given in which an ultimate consumer bought some china made by a well-known firm in Limoges, France. The import price, as shown by the published record, was $10.09; the duty paid was 60 per cent; the import price plus the duty was $16.04. The ultimate consumer paid an advance of $33.86, of 207 per cent over and above the invoice value with the duty added. The advance over the foreign market value was $39.91. In other words, of the total advance of $39.91, or 395 per cent, only $6.05 was tariff duty. This purchase was made in March, 1910, and only two years before a like set was sold to consumers for $70, or an advance of 593 per cent over the foreign value when no change had taken place in the rates of duty. The firm which sold the French china set in question also sold a set of domestic manufacture of earthenware of the same pattern. For this American set the dealer paid the American manufacturer $6.75 for 100 pieces and sold it to the consumer for $10, an advance of 48 per cent.

China and earthenware.

The expense of manufacturing a set of dishes is made up almost wholly of the price paid for labor. In England the average earnings of potters are less than $1.25 per day; in France $1.00 a day; in Germany 90 cents; in Austria 80 cents; in Japan 25 cents; and in the United States the average earnings are $3.00 per day. The *American Economist* commented on the subject (March 25, 1910) as follows:

> The effect that the tariff has on prices may be judged by an examination of the price of common white earthenware. In 1852 the duty was 24 per cent. The selling price per assorted crate was $95.30; in 1882 the duty was 40 per cent and the

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price $57.89; in 1908 the duty was 55 per cent and the selling price $37.59. The tariff has gone up, the prices have gone down. The workingman and "ultimate consumer" have reaped the benefit.

Glassware.

Another illustration given by the *Economist* related to glassware. In this instance the ultimate consumer purchased a pressed glass pitcher of the popular Colonial style and paid 50 cents for it. At the next store visited the counterpart of the one purchased, made by the same company, was on sale for 59 cents. The cost to the retailer laid down in New York was 34 cents, giving in one case a profit of 44 per cent and in the other a profit of 64 per cent. The same purchaser bought a pressed glass fruit dish and paid 19 cents for it. The cost to the retailer was $1.14 per dozen, giving him a profit of 100 per cent. The consumer also at the same time purchased some blown glass needle-etched goblets at the rate of $3.39 per dozen, which cost the retailer laid down in New York $1.19 per dozen; his profit being 185 per cent.

The same subject was discussed at some length in the debate on the Payne-Aldrich bill. On the subject of the enormous disproportion between the cost and selling price, Senator Frank P. Flint of California said:

Speech of Senator Flint

Mr. President, I am very glad the Senator from Nevada [Mr. Newlands] recognizes the truth of the claim of the Republicans that the rate of duty paid under this tariff bill is not a material factor in the cost to the consumer of these articles. I desire to call his attention to one or two illustrations. I have a great many of them, and this is a very good time to put in one or two.

I call his attention to the cost of a 100-piece dinner set of Haviland & Co.'s make. It was invoiced to their New York house at $5.77; packing charges, 46 cents; customs-house advance to make value, 58 cents; total $6.81. The duty at 60 per cent. is $4.08, making a total cost of $10.89. That set of Haviland china is selling in the city of Washington for $36. There is a profit of about $26 on those articles.

I call the attention of Senators to these articles to ascertain whether they think that a duty of $4.08 on these articles is a factor in the price that is charged the consumer. There is $25 profit difference in the price of that article over the price or cost to land it in this country.

I call the attention of Senators to a number of other small articles. I take Japanese china ware. Blueprint cups and saucers pay a duty on a valuation of 3 3-4 cents per pair, including packing charges, paying a duty of 60 per cent. or 2 1-4 cents per pair. These goods sell in Washington at 35 cents a pair, or almost 1,000 per cent over the value at which they pay duty. The consumer pays 2 1-4 cents duty on a 35-cent purchase, or 6 3-7 per cent.

DUTIABLE PRICE, 3 3-4 CENTS; SELLING PRICE, 35 CENTS.

The same proportion holds good on the following items: Plates, dutiable price 3 3-4 cents; retail price, 35 cents each. Egg cups, dutiable price, 1 2-3 cents, sell

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for 15 cents each. A tea set, composed of teapot, sugar, cream, and six cups and saucers, cost 41 cents, with duty paid, and is selling in the stores in Washington for $3.50. An article costing 41 cents is selling at retail for $3.50, and these are the prices charged by the large department stores throughout the country. When you come to small places in Iowa, Kansas, Nebraska, and the Dakotas, the prices are from 20 to 30 per cent in addition to that.

MR. HALE. And 50 per cent.

MR. FLINT. And 50 per cent, as the Senator from Maine says.

I say, and I repeat, there is not an article in this china schedule where the duty is a factor in fixing the selling price to the consumer. If the Senator from Nevada, as suggested by the Senator from Maine, can find some way by which we can control the selling price of these articles after they leave the manufacturer, then there may be some solution of the problem; but we find the manufacturer making but a fair and honest profit under the protective tariff system, and yet the consumer is complaining of excessive charges, not by reason of the profit made by the manufacturer, but by reason of the excessive prices charged by the jobbing houses and the retail stores.

RAZORS COST $3.95 PER DOZEN; RETAIL FOR $2 APIECE.

Retail prices.

For instance, take the manufacture of razors. I have an invoice in my office now where the manufacturer charges $3.95 a dozen for razors. The jobber in St. Louis secures a 2 per cent discount for cash in ten days upon that article. He jobs the article that costs him $3.95, with 2 per cent discount in ten days, for $9 a dozen. That is the transaction between the jobber and the retailer. The retailer sells every one of those razors for $2 apiece. In other words, the manufacturer in Connecticut sells one dozen of those razors for $3.95, less 2 per cent for cash in ten days, and the consumer pays $2 apiece for them, or $24 a dozen.

Again, there is a great deal said in this country in relation to gloves. I can walk down here to any store in Washington and go in and ask the retail price of a pair of gloves, and for a glove that costs $7.40 [imported] a dozen the ladies of this country are paying $2 a pair.

So Mr. President, it does not apply only to the china schedule or the glass schedule. The country, it seems to me, ought to be made to understand that this is not due to the manufacturer.

And again:

I have an illustration as to clothing, to which I thought I would call his attention, which shows, as I contend, that even with woolen goods the duty is not a factor in increasing the price to the consumer. I understand that the cost of the cloth bindings, and finishings of all kinds of a $10 suit is about $2.25. Everything else in connection with it is labor. I will give as an illustration the very highest class of goods. I am told by the Senator from Utah (Mr. Smoot), who is an expert on woolens and the woolen schedule, that there is probably not a Senator in this room who wears a piece of goods that has cost as much as this. I want to call the Senator's attention to what the cost of the very highest class English goods would amount to. A full suit takes about 3 1-2 yards. At a cost of $2 a yard for the cloth, that would be about $7.50. The duty on that cloth would be $5.39. The total cost would be $12.89. . . .

The materials in a high-priced tailor-made suit that costs $12.89 to them would

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sell for $50 to $75 a suit. This same class of goods in the "hand-me-downs" to which the Senator refers costs from $30 to $40. Is the $5.39 duty that is charged on that piece of cloth to protect the American manufacturer a factor in the $30 or $35 that is paid to the clothing merchant for that suit of clothes, made from the very highest class of goods that is sold on the market?

Senator Lodge.

Senator Henry Cabot Lodge of Massachusetts (Congressional Record of May 11, 1909) gives an illustration of how competition is still operating to drive down prices, showing a decrease under protection of the price of an article from $47 to 72 cents per pound. He said:

I merely wish to call attention to an example as to where the duty is always added to the cost of the article. One example is as good as a dozen. This happens to be a clear one.

The article saccharine, which is a coal-tar product, cost, in 1895, $47.06 a pound. Owing to improved methods of manufacture and discoveries, it fell in 1896 to $6.02 a pound, in 1897 to $5.05, in 1898, after the Dingley rate was imposed, to $3.72. Up to the time of the Dingley tariff the duty was 25 per cent ad valorem. Under the Dingley tariff a specific duty of $1.50 a pound and 10 per cent ad valorem was put upon it. The price then was $3.72; then $3.83 in 1898.

MR. MCLAURIN. What commodity is that?

MR. LODGE. Saccharine. It has fallen steadily from that time until today it is selling at 72 cents a pound. The specific duty alone is $1.50; it has not been changed; but the article has gone steadily down until it is now selling at 72 cents a pound. As I have said, the specific duty alone is $1.50, and where is it added?

Excessive imports.

The retailers are enabled to make large profits on imported articles because the purchaser expects and is willing to pay a good price solely because the article is made abroad. The foreign value and the amount of duty, although insignificant compared with the selling price, are not known to the ultimate consumer. He has no means of ascertaining unless he makes special investigation. This explains why the merchant princes and the proprietors of our department stores are so interested in what they call freer trade relations between the United States and European countries. The importations of wholly and partly manufactured goods made abroad in 1911 were upwards of $700,000,000, embracing a great variety of articles, and as a rule consisted of those of the higher grades, many of them of what are known as specialties in the trade, and upon all of which immense profits were made. This class of articles are sold almost exclusively to persons of means who are able to pay the prices charged. The articles so imported consist almost exclusively of luxuries or articles of voluntary consumption; the duties are in effect revenue duties, and those who patronize the foreign producers are contributing toward the support of their governments. In so far as the articles imported do not enter into competition with similar articles made in the United States, retail

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prices paid by the consumers would not be reduced materially, if at all, by a removal or a reduction of the import duties.

Luxuries.

As a general rule, when tariff duties are paid on articles the equivalent of which are produced in the United States, they are paid because the purchaser prefers the foreign-made article. They are paid by choice and not by necessity. Such articles, therefore, belong in the category of luxuries, and the duties are paid by those who are amply able to pay them. Whosoever can afford to prefer can afford to pay.

So far as articles of domestic manufacture are concerned, no facts have been presented which show that the manufacturers have been receiving prices beyond those which insure a fair and reasonable profit.

In fact, many important industries, on account of the advance in wages which has taken place, and on account of the advance of raw materials, have been laboring under such disadvantages that they have been exceedingly embarrassed. This has been especially true of the cotton industry, which was compelled to pay an advance in the price of raw cotton from nine to fifteen cents per pound. In fact, the advance in the price of substantially all raw materials has imposed a great hardship on all branches of manufacturing.

Food products.

The advance in the price of food products has resulted from two causes, the principal one being an excess of demand over supply. There has been an actual shortage in the supply of butter, eggs, milk, cheese, poultry, potatoes and many other farm products. The Department of Agriculture of the United States, under the direction of Secretary Wilson, conducted an investigation in the spring of 1910 to ascertain the difference in the prices of farm products which the farmer received and those which the consumer paid. The investigation was conducted in seventy-eight cities located in the North Atlantic States, South Atlantic States and the Western States. Secretary Wilson says in his report:

> The distribution of farm products from the farm to the consumer is elaborately organized, considerably involved and complicated and burdened with costly features.

The report made in 1909 on the results of the special investigation into the advance in price of fresh beef between the slaughterer and the consumer, showed that in the North Atlantic States the consumer's price of beef was 31.4 per cent higher than the wholesale price received by the great slaughtering houses; 38 per cent in the South Atlantic States; 39.4 per cent higher in the Western States. The average for the whole United States was 38 per cent. The investigation into the increased prices in the process of the distribution of dairy products made in the

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Secretary Wilson's report.

last weeks of June, 1910, showed that the farmer received only 50 per cent, or one-half of the price paid by the consumer for milk, and that the freight charges for carrying the milk to market formed only 7 per cent of the consumer's price. This left 43 per cent for the retailer. On creamery butter the farmer did much better, receiving an average of 83.3 per cent of the price which the consumer paid. It was otherwise with poultry, the price of which almost doubled between the farmer and the consumer, the farmer receiving only 55.1 per cent of the consumer's price. Of the price per dozen paid by the consumer for fresh eggs, the producer received 69 per cent, 175 per cent on dried beans, 48.1 per cent on cabbage, 75 per cent on cauliflower, and 60 per cent on celery. The report states:

> The general fact was that the producer's percentage of the consumer's price diminished as the quantity sold at retail was smaller. For instance, the apple grower received 55.6 per cent of the consumer's price when the consumer bought by the bushel and 66 per cent when the purchase was by the barrel. When the consumer bought corn by the bushel, the farmer got 70.6 per cent of the price, but when the purchase was by the barrel the farmer received 81 per cent. The strawberry grower received 48.9 per cent of the consumer's price in purchases by the quart and 75.9 per cent in purchases by the crate. A still better illustration is found in the case of onions. In purchasing a peck at a time, the farmer received 27.8 per cent of the retail price; in purchases of a barrel, he received 58.3 per cent; and in purchases by the 100 pounds, he received 69 per cent. So in the case of oranges, when the purchase was by the dozen the grower received 20.3 per cent of the consumer's price, whereas when the purchase was by the box the grower received 59.3 per cent.

No Ground for Complaint Against the Farmer.

Farmers exonerated.

From the details that have been presented with regard to the increase of the prices of farm products between farmer and consumer, the conclusion is inevitable that the consumer has no well-grounded complaint against the farmer for the prices that he pays. The farmer supplies the capital for production and takes the risk of his losses; his crops are at the mercy of drought, and flood, and heat, and frost, to say nothing of noxious insects and blighting diseases. He supplies hard, exacting, unremitting labor. A degree and range of information and intelligence are demanded by agriculture which are hardly equaled in any other occupation. Then there is the risk of overproduction and disastrously low prices. From beginning to end the farmer must steer dextrously to escape perils to his profits and indeed to his capital on every hand. At last the products are started on their way to the consumer. The railroad, generally speaking, adds a percentage of increase to the farmer's prices that is not large. After delivery by the railroad the products are stored a short time, are measured into the various retail quantities, more or less small, and the dealers are rid of them as soon as possible. The dealers have risks that are practically small, except credit sales and such risks as grow out of their trying to do an amount of business which is small as compared with their number.

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PROBLEM FOR CONSUMERS AND NOT FARMERS TO REMEDY.

After consideration of the elements of the matter, it is plain that the farmer is not getting an exorbitant price for his products, and that the cost of distribution from the time of delivery at destination by the railroad to delivery to the consumer is the feature of the problem of high prices which must present itself to the consumer for treatment.

Why do not consumers buy directly from the farmers? A distribution of farm products in this simple way has already begun in England, where co-operative organizations of farmers are selling by direct consignment to co-operative organizations of consumers in cities.

Farmers' co-operative selling associations are numerous in this country, but co-operative buying associations among the people of cities are few. Aside from buying associations maintained by farmers, hardly any exist in this country. It is apparent, therefore, that the consumer has much to do to work out his own salvation with regard to the prices that he pays. Potatoes were selling last spring in some places where there had been overproduction for 20 cents and in some places for even 9 cents per bushel at the farm, while at the same time city consumers in the East were paying 50 to 75 cents per bushel, although there was nothing to prevent them from combining to buy a carload or more of potatoes directly from the grower and for delivery directly to themselves.

Burdens on consumers.

The consumer overlooks the fact that he pays for the rent of the magnificent stores; for the heat and expensive electric lighting; for all the advertisements which appear in the newspapers and magazines; for the delivery of the goods at his home; for every can or box or receptacle in which the articles are so beautifully packed for delivery. He also pays the taxes on the property occupied by the merchant, which are levied by the city to pave and repair streets, build sewers, light the streets and support municipal and State governments. One who has lived only a generation has witnessed the most marvelous transformation in our civilization from a state of economy to a most luxurious and expensive life. These things all come high, yet we are living in the most delightful and enjoyable age ever known. The main question is, shall we lower our standard of living by destroying that economic system under which our vast industries have been reared and under which it has been made possible to reach the highest wage rate and the fullest employment of labor ever enjoyed by any people? Wages in the United States are more than double those paid to labor in the Old World. By overthrowing the protective system it would reduce our wage scale to the level of the wage scale of Europe. By this means we can close our mills, throw labor out of employment and plunge our people at once into the most calamitous condition ever witnessed. Prices then might be lower, but who but the extremely rich would have the means with which to purchase? It is true that the people have suffered from abnormally high prices of many necessaries of life; that

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Economic law.

this is a hardship and an evil is equally true. It is equally true that all of these evils will pass away by the operation of natural laws. With the number of persons now engaged in producing articles of food, the time is not far distant when the supply will equal the demand and prices will reach a normal, equitable point. Last year the potato crop was almost a total failure in some sections of our country. The crop was so deficient that potatoes are worth (February, 1912,) $1.30 per bushel. In all probability by another year the acreage will be so large and the crop so abundant that the price will fall to 40 or 50 cents per bushel. The attention of the farmers of the Eastern and Middle States is again being directed to the raising of hogs and beef cattle for the market. The supply will soon equal the demand. It is a well-known fact that one of the causes which has diminished the relative supply of dairy products is the practice of butchering calves for the market. It is said that 8,000,000 were slaughtered last year, and the price of cows has advanced from $60 to $90 per head. Agriculture has become so profitable and rural life so inviting that the movement of population is now from the cities to the country. If we are only patient, thoughtful and wise the problem will be worked out by the people themselves by rational and practical methods, and our civilization, industrial progress and prosperity will be preserved.

WHOLESALE PRICES, 1890 TO 1910.

Wholesale prices.

The Bureau of Labor Statistics of the Department of Commerce and Labor published in its March, 1911, number a report showing the result of an investigation of wholesale prices in the United States between 1890 and 1910. In the introduction the Bureau states:

> The average of wholesale prices in 1910, as measured by the prices of 257 commodities included in the present investigation, was 4 per cent higher than the average of 1909, and with this advance the level was 1.6 per cent above the high average of 1907 prices. Wholesale prices during 1910 were 19.1 per cent higher than in 1900; 46.7 per cent higher than in 1897, the year of lowest prices in the 21-year period from 1890 to 1910; 16.6 per cent higher than in 1890; and 31.6 per cent higher than the average price for the 10 years 1890 to 1899.
>
> The highest point reached in 1907 was in the month of October, from which month there was a general decline until August, 1908. Beginning with September, 1908, wholesale prices increased without a break in any month up to March, 1910; in the months of April, May and June prices declined slightly, but from June to December, 1910, prices remained very nearly at the same level. Wholesale prices in March, 1910, were higher than at any time in the preceding 21 years, being 10.2 per cent higher than in August, 1908, 7.5 per cent higher than in March, 1909, 21.1 per cent higher than the average yearly price of 1897. Wholesale prices in December, 1910, however, were 1.4 per cent lower than in December, 1909, but they were

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still 30.4 per cent higher than the average price for the 10 years 1890 to 199, and 45.4 per cent higher than the prices of 1897.

The figures published by the Bureau of Labor Statistics showed that while the wholesale prices of certain commodities had advanced during the period covered, the prices of sugar, kerosene, eight-penny nails, steel rails and many other commodities had declined. The prices of drugs and chemicals showed a very trivial advance. Men's cotton half-hose showed an advance from the standard 82.1 to 95.4, and women's cotton hose a decline from 102.7 to 99. The prices of cotton goods, such as ginghams, sheetings and shirtings, showed an advance, but not so great as the increase in the price of raw cotton.

The Richmond (Ind.) *Palladium* contended that the high cost of living is due somewhat to extravagances in these words:

High Cost of Living Is Due Somewhat to Extravagances.

An editor's view.

Modern retail business is not conducted along the same lines it was a dozen years ago—or twenty years ago. The housewife no longer takes her basket and journeys to the grocery, selects her food, pays for it and acts as her own delivery boy. She uses the telephone. She insists upon fruit and vegetables out of season; she has it charged; she has it delivered to her back door. For these luxuries—for luxuries they are—she must pay. If the fruit is out of season, then it must have been ripened artificially or kept in cold storage, and this work is done by commission men who charge the groceryman, who in turn adds the charge to his customers.

Look into every detail of modern living. How many men to-day shine their own shoes? How many men who live over ten blocks from their places of business walk instead of riding on a street car? How many go home for the midday meal? How many shave themselves?

Whence comes the money for the manicurist? For the countless shining parlors? For the multiplying barber shops? Why the ever increasing automobile trade? Twelve million people rode on Indiana interurbans last year. Twice that number rode on local street car lines within the State. The man to-day who wears a "hand-me-down" suit is the object of derision. He at least must have it made to measure. Who pays for the moving picture shows? Who makes the vaudeville a profit? A hundred thousand stand in line to buy seats in the bleachers prior to the world's baseball championship series. The number of pianos sold on the installment plan would reach twice around the equator. We have more saloons than we have groceries and more cigar stores than either.

We demand hot and cold water, a bath, electric lights, janitor service, with an ice chest and a range thrown in. Where is the family who would put up with the "good old days" when we jumped out of bed and had to break the ice in a pitcher in order to perform our morning ablutions? Where is the family who is content to "wash off" in the family tub, a la Diogenes? What proud head of the household is content to do without hardwood floors and submit to the indignity of the old-fashioned rag carpet?

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High cost of living is due to many factors, and it is too high. But is it due to the greed of those who sell, or to the extravagance of those who buy?

While an official investigation has not been conducted on the subject, it is safe to say that the material advancement of which the consumers complain has taken place in retail prices of manufactured articles rather than in the prices obtained by manufacturers.

The Depreciation of Gold.

Comment on this branch of the subject would be incomplete without a reference to the opinions of scientific men who believe that the increase in the supply of gold has been a prime cause of the advance in prices. It is argued that the upward price movement must be influenced by some great, universal, underlying cause; for the advance in prices has been world-wide. In free-trade England, in the protective countries of Europe, under high tariffs, low tariffs, as well as under free trade, the price movement has been the same.

Opinions of economists.

In February, 1910, the *Journal of Commerce* published the views of many distinguished economists on the causes of high prices, from which the following extracts are taken:

M. Guyot, editor of a Paris economic journal, believes currency inflation a minor influence, but holds that the principal causes are inadequate crops, world-wide development of new resources, advance in lands, and higher standards of living.

Professor Taussig of Harvard University, a distinguished advocate of free trade, expressed the opinion that the fundamental cause is the recent increased supply of gold. He mentions contributing causes which have exerted minor influences, such as the advance in the cost of living, increased cost of production, and the fact that the people are becoming more fastidious as to food; and hence the demand for more and better food tends to higher prices. He shows that land is not relatively so plentiful in the United States as it was twenty years ago, and that the cost of cultivation has increased.

Prof. W. G. Sumner (an advocate of free trade) of Yale University says:

> The increased production of gold and the increase of currency are the only things known to me which would cause a general rise of prices.

Prof. Clive Day of Yale University expresses the opinion that increased supply of gold is the chief cause. He says:

> I should pick increased gold supply as the chief cause of the rising prices.

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Other influences affect particular commodities in various ways, of course; but this one factor seems the chief cause of the current change in the price level.

Professor Seligman of Columbia University, considering many phases of the question, writes:

World-wide causes.

If all commodities in the world tend to rise in price at the same time it is obvious that there is some cause at work which cannot be explained by the conditions of any particular commodity. The progress of invention, for instance, often tends to reduce the cost, and therefore the price, of particular manufactured commodities; and the pressure of population and the means of subsistence frequently tend to increase the cost of food and other raw materials. But if we find that the prices of all foodstuffs and of all manufactured commodities tend to rise together for a long period, or to fall together for a longer period, it is clear that some other explanation must be sought. Thus all the current particular explanations are insufficient. To say that the present high prices are due to trusts will not explain the similar rise of prices in cases where there are no trusts in those particular commodities in this country, or no trusts at all in other countries where the rise of prices is also well marked. To say that high prices are due to the tariff does not explain the similar rise of prices in England, where there is no protective tariff. To say that high prices are due to labor unions or to the associated action of labor does not explain the rise of prices in the Orient, where there are no labor unions. To say that rising prices are due to the growth of population does not explain the falling prices of a decade ago, when population increased at virtually the same rate.

On the relation of gold to prices as the standard of values of the civilized world, and on the effect upon its value of an enormously increased production, Professor Seligman said:

Increased production of gold.

Gold, in other words, is being turned out in such enormous quantities that it is falling in value. But a fall in the value of gold, other things being equal, is tantamount to a rise in general prices. Money, or purchasing power in its broadest sense, includes, however, more than the mere money metal. Business transactions take place not alone for cash, but also for credit. In considering the question of the supply of money or of purchasing power, we must therefore look not alone at the coin or cash, but also at the credit which is based upon the coin. Now it is very clear that with every increase in the quantity of gold in the reserves of the banks, the power of extending credit grows enormously. It is a well known fact that banking and credit facilities throughout the world have recently augmented in a far greater degree than the increase in the output of gold. Hence, the secondary and additional reason for the general rise in the price level has been this augmentation in credit facilities.

If we combine these two factors—the increase in the gold supply and the resulting increase in the use of credit—we see that we have at once an adequate explanation of the general rise of prices. During the nineteenth century we have had several such cycles in the general price level. Between 1790 and 1810 prices rose about 80 per cent, due to the conditions of the war period in Europe. Between 1810 and 1850 they fell about 60 per cent, the supply of silver being cut by the politi-

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cal disturbances in South America and that of gold not increasing sufficiently to keep pace with the expansion of industry. From 1850 to 1860 came a rise of prices of about 20 per cent, owing to the gold discoveries. From 1860 to 1873 prices remained relatively stable, apart from the speculative movement culminating in the prices of 1873. From 1873 to 1898 prices fell almost 60 per cent as a result of the relative diminution in the output of gold and of the demonetization of silver. Since 1896 the prodigious increase in the production of gold has caused another era of rising prices, which by this time amounts to over 50 per cent. Notwithstanding the temporary recession of prices during the panic of 1907, the level is mounting steadily.

Professor Jenks of Cornell University mentions several principal causes as follows:

First, increased gold supply; second, increased cost of production, depending in part on the above; third, advance in rents and land, likewise in part dependent upon the others; fourth, in certain cases, probably, tariffs; fifth, in certain cases also, short crops.

Not due to trusts.

Prof. J. W. Crook of Amherst College mentions the increased supply of gold as the most far-reaching cause, and says:

That the advance is due neither to the trusts nor the tariff seems clear from the fact that rising prices is a phenomenon of all civilized nations, whether they have trusts and tariffs or not.

Professor Kinley of the University of Illinois attributes the advance in prices to the increased cost of raw materials, the increased gold supply and the credit currency inflation based thereon. He, however, is of the opinion that the maximum point will be reached within three or four years and that we will then see a reaction in prices.

Prof. Irving Fisher of Yale University expresses the opinion that the increased gold supply is by far the most important influence causing high prices. He believes that it is high time we should appreciate the fact that gold is not a stable standard any more than is any other metal or commodity, and thinks that extravagance, increasing population, trusts, tariffs, short crops, short hours of labor, etc., are insufficient to explain the advance in prices.

Prof. Walter E. Clark of the College of the City of New York names several causes, the fundamental of which is the increased volume of gold. He mentions the increase in credits and the rapidity of currency circulation resulting therefrom. As secondary causes he points to the growth of population, exhaustion of the more productive lands, and monopolies, legal or capitalistic.

Professor Carver of Harvard University mentions as the chief cause of high prices the increased supply of gold. The next most important cause he thinks is the exhaustion of free public lands in the West and the growing scarcity of good land.

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Joseph F. Johnson, dean of the New York University School of Commerce, attributes the cause entirely to the unprecedented increase of the gold supply and to the resultant expansion of credit. He says:

> It is impossible for trusts, tariffs, labor unions, taxes, extravagance, high rents, short crops, etc., to bring about an elevation of the general level of prices. A trust or a change in the tariff may cause certain commodities to rise in price, but the prices of all commodities cannot thus be affected. There has been no real increase in the cost of production. Money costs have risen, but the real costs—the amount of labor and capital necessary to produce goods—have been steadily declining for the last twenty-five years. As for such circumstances as industrial and trade activity, invention, the development of new resources, and the growth of population—these all tend to lower the level of prices and would have had that effect in recent years but for the counteracting influence of the increasing stock of gold.

Comments.

The foregoing opinions of the effect on prices of a sudden and abnormal increase in the precious metals, are in harmony with the views held by eminent statesmen, economists and financiers for many years. The influence of an increase in the supply of the precious metals on prices is exerted in two ways: (1) It tends to stimulate business activities, and thereby operates on the law of supply and demand of commodities in general. (2) As the supply of gold is greatly increased, especially by a reduction in its cost, it depreciates in value as compared with other commodities. The grain of gold being the par of exchange in the international trade of the world, a depreciation in the value of that par of exchange would raise prices in every market of the world. The opinions expressed are based on experience. The advance in prices has attended every period of an increased supply of the precious metals, and prices have fallen correspondingly with a decline in such supply. Between 1492 and 1805 the supply of gold and silver from the mines of America increased from $270,000 in the former year to $43,000,000 at the beginning of the nineteenth century. The quantity averaged $38,000,000 annually from 1750 to 1805. This was attended with an advance in prices. On account of the South American revolutions the supply was greatly diminished from 1810 to 1850, and prices fell during these years 60 per cent. Following the gold discoveries in Australia and California in 1849 and 1850, prices rose 20 per cent during the next ten years. From 1873 to 1898 prices fell more than 50 per cent, and the production of gold also declined. Beginning with 1895 the world's production of gold increased from $198,763,600 in that year to $454,422,900 in 1909. The following table, copied from the Statistical Abstract of the United States for 1910, should be carefully studied:

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PRODUCTION OF GOLD AND SILVER IN THE WORLD SINCE THE DISCOVERY OF AMERICA.[1]

[From 1493 to 1885, from a table of averages compiled by Dr. Adolph Soetbeer; since the later date, the estimates of the Director of the Mint.]

Period	Gold. Annual production, Value Dollars	Silver. Annual average for period. Coining value Dollars
1493-1520	3,855,000	1,954,000
1521-1544	4,759,000	3,740,000
1545-1560	5,656,000	12,952,000
1561-1580	4,546,000	12,450,000
1581-1600	4,905,000	17,413,000
1601-1620	5,662,000	17,579,000
1621-1640	5,516,000	16,361,000
1641-1660	5,828,000	15,226,000
1661-1680	6,154,000	14,008,000
1681-1700	7,154,000	14,212,000
1701-1720	8,520,000	14,781,000
1721-1740	12,681,000	17,924,000
1741-1760	16,356,000	22,162,000
1761-1780	13,761,000	27,133,000
1781-1800	11,823,000	36,540,000
1801-1810	11,815,000	37,168,000
1811-1820	7,606,000	22,479,000
1821-1830	9,448,000	19,144,000
1831-1840	13,484,000	24,793,000
1841-1850	36,393,000	32,440,000
1851-1855	132,513,000	36,834,000
1856-1860	134,083,000	37,618,000
1861	122,989,000	45,772,000
1862	122,989,000	45,772,000
1863	122,989,000	45,772,000
1864	122,989,000	45,772,000
1865	122,989,000	45,772,000
1866	129,614,000	55,663,000
1867	129,614,000	55,663,000
1868	129,614,000	55,663,000
1869	129,614,000	55,663,000
1870	129,614,000	55,663,000
1871	115,577,000	81,864,000
1872	115,577,000	81,864,000
1873	96,200,000	81,800,000
1874	90,750,000	71,500,000
1875	97,500,000	80,500,000
1876	103,700,000	87,600,000
1877	113,947,000	81,040,700
1878	119,092,800	94,882,200
1879	108,778,800	96,172,600
1880	106,436,800	96,705,000
1881	103,023,100	102,168,400
1882	101,996,600	111,302,300
1883	95,392,000	115,297,000
1884	101,729,600	105,061,400
1885	108,435,600	118,445,200
1886	106,163,900	120,626,800
1887	105,774,900	124,281,000
1888	110,196,900	140,706,400
1889	123,489,200	155,427,700
1890	118,848,700	163,032,000
1891	130,650,000	177,352,300

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1892	146,651,500	198,014,400
1893	157,494,800	213,944,400
1894	181,175,600	212,829,600
1895	198,763,600	216,566,900
1896	202,251,600	203,069,200
1897	236,073,700	207,413,000
1898	286,879,700	218,576,800
1899	306,724,100	217,648,200
1900	254,576,300	224,441,200
1901	260,992,900	223,691,300
1902	296,737,000	210,441,900
1903	327,702,200	216,810,300
1904	347,377,200	212,292,900
1905	380,288,700	222,794,500
1906	402,503,000	213,403,800
1907	412,966,600	238,166,600
1908	443,006,200	262,770,900
1909	454,422,900	273,086,900
Total	13,392,328,200	13,488,125,500

The production of gold in the United States has increased from $46,610,000 in 1895, gradually year by year, until it reached $78,666,700 in 1900, $88,180,000 in 1905 and $99,673,400 in 1909.

Of the world's product of gold in 1909, $313,242,714 was coined at the mints and $145,000,000 was consumed in the arts and industries.

In the light of these circumstances and conditions, it would be the commission of an inexcusable blunder to overthrow our protective system upon the assumption that it is responsible for the high cost of living.

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CHAPTER XI.

THE TARIFF BOARD—THE TARIFF COMMISSION CONVENTION—BILL TO CREATE A PERMANENT TARIFF BOARD DEFEATED—AUTHORITY FOR APPOINTING THE TARIFF BOARD—REPORT OF THE TARIFF BOARD ON THE WOOLEN INDUSTRY—PRESIDENT TAFT'S MESSAGE RECOMMENDING REVISION OF SCHEDULE K.

THE TARIFF BOARD.

The impossible.

Early in the history of the movement which had for its purpose a revision of the Dingley law, it was urged that the tariff should be taken out of politics and dealt with in a non-partisan spirit in such a way as to conserve the best interests of the country. It was claimed that all prior tariff bills had been the outcome of dickerings and compromises by those representing special interests. The idea that our most sharply controverted political question could be taken out of politics and be disposed of in a way to please everybody, not only assumed the accomplishment of the impossible, but on its face was the height of absurdity. It was asserted that Congress could not rely upon the statements furnished by manufacturers to guide them in fixing tariff rates because they were interested, not at all denying that they alone were in possession of the facts, but implying or in effect charging that they were not to be trusted. It has been the practice of the government, beginning as far back as 1830, to call before Congressional and Senatorial committees, manufacturers, laboring men, importers, economists, financiers, and all persons who were possessed of expert or practical knowledge on the subject of the cost of production at home and abroad; men who were familiar with the rules and methods of trade affecting competition, rates of wages, the state of the industries, and all subjects which must be taken into consideration in determining the rates of duties which should be embodied in a tariff law designed for revenue or protection.

The credit which should be given to the evidence and opinions of practical business men on the subject was very well stated by John L. Hayes, who was president of the Tariff Commission in 1883, in a pamphlet written by him in 1887 on the dangers and difficulties attending legislation on the national wool industry. He said:

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Both political economical parties agree, or profess to agree, that no tariff revision should be permitted to disturb the interests of the great national industries and of the workmen dependent upon them. Who are so capable of determining the interests of a national industry as the men who constitute it, who live in it, are wrapped up in it, who make it a part of their very being, who are masters of all its secrets, whose every-day observations teach them more than ever was written in books, and whose daily thought is a series of perpetual questionings and unconscious judgments as to its interests? The common sense of mankind recognizes the authority which should be conceded to superior and peculiar knowledge growing out of special study. We do not attempt to build bridges without a civil engineer, ships without naval constructors, or important edifices without architects. We trust our lives to the skilled physician, our property to the trained lawyer, the education of our sons to trained teachers and our armies, in war, to West Point officers. All the manufacturing nations of Europe have recognized the authority due to special knowledge and practical experience by the deference which is paid to manufacturers in all legislative or administrative measures affecting the industries. No popular clamor is ever heard in Europe against the great national industries. Such a clamor would be held to be nothing less than disloyalty to the nation. The manufacturers of Great Britain themselves dictated the policy which relinquished direct protection to manufactures for the better protection, to them, of free raw materials for their mills and cheaper food for their workmen. The interests of France and Germany demanded the policy of protection, and the great industries of these countries have literally dictated the tariff duties required for their interests, in the judgment of the manufacturers.

True scientific knowledge.

While in Europe the judgment of the great industrialists is held to be supreme and unquestionable in regard to their interests, in the half a dozen or more attempts for tariff revision by revenue reformers within the last ten or twelve years, the opinions of manufacturers have been practically ignored. In the Wood tariff revision hearings were directly refused to the industries. Hearings to manufacturers were permitted as to the first Morrison bill, but their suggestions were totally disregarded. What better evidence could we have than this refusal of revenue reformers to gain wisdom where there is most experience, light where there is most knowledge, advice where there is the most matured judgment, that their pretended interest in the prosperity of the industries is a sham and a pretence, and but a thin disguise for a deep seated hostility to the existing organizations of American industry?

Objections to a tariff board.

The protectionists did not fear the most open and thorough investigation of the subject, either by a tariff board or a Congressional committee. They were, as they should have been, distrustful of all star chamber proceedings. They saw that a permanent tariff board would result in a constant agitation of the question, and a never-ending state of turmoil and unrest; that instead of taking the tariff question out of politics, it would keep it in politics all the time and prevent that business stability and permanency of policy which are so indispensable to the general prosperity. The well-informed knew that the tariff question would never be settled until the country became all protection or all free trade. They also knew

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full well that to attempt a revision to accomplish the purposes of the downward revisionists would reopen the whole question and plunge the country into a tariff controversy that would unsettle business and result in great harm. They further knew that the motives which actuated the revisionists were selfish, and that no tariff policy which discriminated in favor of one industry against another could be permanent.

Tariff commission convention.

But the agitation went on, and the free traders and the press of the country helped it along, until the idea of a tariff board became a fad. A Tariff Commission Convention was held in Washington and closed a two days' session on January 12, 1911. The revisionists solicited chambers of commerce of the principal cities to favor the plan and send delegates to the convention. The convention approved the plan of a permanent tariff commission "having functions and compensation analagous to the Interstate Commerce Commission." A resolution indorsing the proposal of President Taft that hereafter the work of tariff revision, whenever required, "shall be accomplished schedule by schedule or, preferably, subject by subject," was also unanimously passed.

There was a large number of delegates in attendance at the convention who were known to be free traders and ever ready to promote any plan that would provoke tariff agitation and assail the protective system. At the same time the plan was indorsed and supported by many able and leading Republicans. And it had the approval of President Taft. Representative McCall advocated a commission for the sole purpose of ascertaining the facts that might be useful to Congress in the work of tariff revision, and in a speech said that Congress must still continue to frame and pass tariff bills, for this is a function committed to it by the Constitution, and it cannot be delegated to a commission. Senator Lodge and Representative Longworth were of the opinion that a commission created by Congress would be limited in its powers to gather and present the facts, although it might possibly be authorized to offer suggestions on the basis of the facts ascertained. Representative Hill of Connecticut exposed the absurdity of the idea that the tariff could be taken out of politics.

Bills for the creation of a tariff commission were pending before Congress while the convention was in session. The one introduced by Representative Longworth on January 5 provided for a permanent tariff commission. It contained some of the provisions that were incorporated in the Lenroot and Goode bills in the House and the Beveridge and La Follette bills in the Senate. The bill provided, briefly, for the creation of a commission of five members, to be paid salaries of $7,500 each, to be appointed by the President and confirmed by the Senate; not more than three of whom were to be members of any one political party. It gave

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the commission power to appoint a secretary and other assistants. Its duties were to investigate the cost of production of all articles both in the United States and foreign countries which may be made the subject of tariff legislation, as well as the wages paid to labor here and abroad, cost of raw material, condition of markets; also the effect of tariff rates, or exactions imposed by foreign countries upon our products.

Tariff commission bill lost.

The bill passed the House on January 30; 34 Democrats voted for the bill and 91 Democrats against it. The Senate Finance Committee reported the bill favorably. Senator Beveridge, who had the bill in charge, made the principal speech in its favor, and Senators Heyburn of Idaho, Shively of Indiana, Money (Democrat) of Mississippi and Bailey of Texas delivered speeches in opposition. With a few minor amendments made by the Senate, the bill was passed on March 4, a few hours before adjournment, by a vote of 56 to 23. It was supported by only three Democrats, Chamberlain of Oregon, Clark of Arkansas and Newlands of Nevada. Bulkeley of Connecticut and Heyburn of Idaho, Republicans, voted against it. Twelve Senators did not vote, of whom six were Republicans, they being paired with Democratic opponents of the bill. It was therefore returned to the House, and on account of filibustering tactics, led by Mr. Fitzgerald, a Democratic Representative of New York, a vote was prevented, and it failed of passage.

On December 7, 1911, the Democratic Ways and Means Committee refused to report the bill by a vote of 14 to 7. So the effort thus far to create a permanent tariff board has been defeated.

But President Taft found authority for conducting an investigation by a tariff board under Section 2 of the Payne-Aldrich law, which provided that

How justified.

> to secure the information to assist the President in the discharge of the duties imposed upon him by this section [the section establishing the minimum and maximum rates of duty], and the officers of the government in the administration of the customs law, the President is hereby authorized to employ such persons as may be required.

In pursuance of this section the President immediately created a tariff board, consisting of three members, Henry C. Emery, chairman, a native of Maine, graduate of Bowdoin and a professor of Political Economy at Yale; Alvin H. Sanders, a graduate of Cornell and publisher of the *Breeders' Gazette,* and James Burton Reynolds, a graduate of Dartmouth, prominent Massachusetts Republican and former Assistant Secretary of the Treasury.

The President later added to the membership of the board ex-Con-

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gressman William H. Howard of Georgia, a lawyer and lifelong Democrat, and Thomas W. Page of Virginia, for ten years professor of Economics at the universities of Texas and California, and also a Democrat.

The board was created immediately after the Payne-Aldrich law was approved by the President, and at once selected assistants and entered upon the work of conducting an investigation of the difference in the cost of production at home and abroad and of other matters pertaining to the tariff question which might aid Congress in a further revision of the tariff. Congress later, in a resolution appropriating $250,000 to defray the expenses of the board, conferred upon it power to investigate and ascertain the difference in the cost of production of commodities at home and abroad, covering the cost of material, fabrication and every other element of such cost of production, and to employ such persons as might be required for those purposes.

Report of the Tariff Board.

On December 20, 1911, the President submitted to Congress the report of the Tariff Board on the wool and woolens industry by a special message in which he pointed out its general features and made recommendations for a revision of Schedule K. He said:

The message.

> On the basis of these findings I now recommend that the Congress proceed to a consideration of this schedule with a view to its revision and a general reduction of its rates.

Concerning the difference between the cost of producing wool in the United States and foreign countries the President has this to offer:

> It is found, however, that, taking all varieties into account, the average cost of production for the whole American clip is higher than the cost in the chief competing country by an amount somewhat less than the present duty.

The President further said:

> The report shows that the duties on noils, wool wastes, and shoddy, which are adjusted to the rate of 33 cents on scoured wool are prohibitory in the same measure that the duty on scoured wool is prohibitory. In general, they are assessed at rates as high as, or higher, than the duties paid on the clean content of wools actually imported. They should be reduced and so adjusted to the rate on wool as to bear their proper proportion to the real rate levied on the actual wool imports.
>
> The duties on many classes of wool manufactures are prohibitory and greatly in excess of the difference in cost of production here and abroad.
>
> This is true of tops, of yarns (with the exception of worsted yarns of a very high grade), and of low and medium cloth of heavy weight.
>
> On tops up to 52 cents a pound in value, and on yarns of 65 cents in value, the rate is 100 per cent, with correspondingly higher rates for lower values. On cheap and medium grade cloths, the existing rates frequently run to 150 per cent

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and on some cheap goods to over 200 per cent. This is largely due to that part of the duty which is levied ostensibly to compensate the manufacturer for the enhanced cost of his raw material due to the duty on wool. As a matter of fact, this compensatory duty, for numerous classes of goods, is much in excess of the amount needed for strict compensation.

Prohibitory duties and prices.

On the other hand, the findings show that the duties which run to such high ad valorem equivalents are prohibitory, since the goods are not imported, but that the prices of domestic fabrics are not raised by the full amount of duty. On a set of 1-yard samples of 16 English fabrics, which are completely excluded by the present tariff rates, it was found that the total foreign value was $41.84; the duties which would have been assessed had these fabrics been imported, $76.90; the foreign value plus the amount of the duty, $118.74; or a nominal duty of 183 per cent. In fact, however, practically identical fabrics of domestic make sold at the same time at $69.75, showing an enhanced price over the foreign market value of but 67 per cent.

Although these duties do not increase prices of domestic goods by anything like their full amount, it is none the less true that such prohibitive duties eliminate the possibility of foreign competition, even in time of scarcity; that they form a temptation to monopoly and conspiracies to control domestic prices; that they are much in excess of the difference in cost of production here and abroad; and that they should be reduced to a point which accords with this principle.

The findings of the board show that in this industry the actual manufacturing cost, aside from the question of the price of materials, is much higher in this country than it is abroad; that in the making of yarn and cloth the domestic woolen or worsted manufacturer has in general no advantage in the form of superior machinery or more efficient labor to offset the higher wages paid in this country. The findings show that the cost of turning wool into yarn in this country is about double that in the leading competing country and that the cost of turning yarn into cloth is somewhat more than double. Under the protective policy a great industry, involving the welfare of hundreds of thousands of people, has been established despite these handicaps.

What it means.

The message contained two significant suggestions: (1) That the duty on shoddy should be reduced because it is prohibitory. (2) That the duties on certain classes of woolen fabrics should be reduced for the same reason. Why the duty on shoddy is objectionable because imports are excluded, does not appear. We have been taught that in order to prevent the lowering of the character of our woolen cloths the use of shoddy should be discouraged. Under the McKinley law only 1,352,421 pounds were imported in 1892. By the Gorman-Wilson law the duty was so reduced that during the first year of its operation imports increased to 17,666,563 pounds, and in three years amounted to 86,000,000 pounds. We returned to the prohibitive system when we enacted the Dingley law. In 1909 Great Britain imported 48,428 tons of rags, which has contributed to the utter demoralization of the character of its cheaper woolen goods. Mr. J. Ellis Barker, writing on the subject said:

> Great Britain's supremacy in the use of shoddy is unchallenged and unchallengeable. She has become the ragshop of the world. The rag pickers of Paris, Berlin,

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Vienna, Amsterdam, Brussels, Lisbon, St. Petersburg, New York and Boston ply their unsavory trade for the benefit of Great Britain. They rake the dustbins and manure heaps of the universe for their British clients. Curiously enough, by far the greatest purveyors of rags to Great Britain are the three greatest protectionist nations—the United States, Germany and France. . . .

Every medical man knows that some of the worst and the most disgusting of infectious diseases are spread by rags. Even if the imported rags are disinfected they spread disease among the men who handle them previous to disinfection.

The ideal standard.

President Taft had shown a desire to act understandingly in the matter and to enter upon no further revision until the Tariff Board had completed its work. He evidently believed the facts developed by the board would reveal the precise point at which rates of duties could be so fixed that our industries would be subjected to a degree of competition from abroad, and at the same time such competition would not be destructive.

It appears now that the board was unable to discover this ideal point. It made no suggestion to Congress of rates of duties which would accomplish that end. While it gave some valuable information on the cost of production at home and abroad of certain processes or stages in the manufacture of woolen goods, it did not report the entire cost of production abroad, ascertained and demonstrated by scientific investigation. The reason for this is not difficult to understand. Foreign manufacturers, of course, would not reveal their trade secrets. On this point the report says:

A failure.

The European work in wages and cost of production extended to England, France, Germany, Austria and Belgium. *Estimates of the cost of production on specific domestic fabrics taken from the United States were secured from various manufacturers in England, Germany and France,* and the weavers' rates of pay per yard of cloth secured for these countries and for Belgium.

Estimates made by foreign manufacturers are not scientific information. Their estimates may or may not be correct. It could not reasonably be expected that our foreign rivals would give very reliable information. The report further states that specific information was obtained on the labor cost in foreign countries of certain processes, as follows:

Wage scales covering the piece rates paid weavers, spinners and other classes of labor were secured from all of the countries visited by the agents of the Tariff Board, and these are tabulated or otherwise presented in the report.

Rates, wages, output or production per machine and per operative were secured for weavers, spinners, carders and many others.

It is believed that this is the first successful attempt to couple foreign rates of wages and earnings with the real efficiency or speed of work in order to show actual labor costs.

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Weavers' rates per yard and the number of yards produced per weaver or per loom are given on all the sample fabrics, and efficient data furnished for a large amount of other fully described fabrics, showing looms attended, speed of looms, weavers' rates per yard, and yards produced.

On the subject of manufacturing cost in the United States the report submits the following:

Cost of manufacture.

Part III, the report on manufacturing costs, includes a study of manufacturing costs in the United States and the leading foreign countries. This section of the report is based upon comprehensive detailed cost figures secured at the mills by the board and its agents.

In this investigation the number of mills from which properly verified information was obtained was 174, and such information was taken by agents of the board. These mills are situated in 20 different States. They represent over 46,000 looms, 1,900,000 producing spindles, and 109,000 employees. They are not only representative of the industry, but comprise in looms and employees two-thirds of the productive capacity of the industry in the United States. The cloth-making mills range in size from a 23-loom establishment to one running 2,700 looms. Of the mills making yarn exclusively, the range was from 4,400 spindles to 46,000.

On tops and worsted yarns actual cost figures for a given period of production were obtained, and a detailed analysis made of items of cost by processes. In the case of cloth a collection of samples was made, representing the chief lines of goods in the market, and careful cost computations were made at the mills, from their records, on individual samples.

Detailed cost schedules were prepared by the board covering each process in manufacturing, and these were filled in by the agents of the board in consultation with the cost experts of the mill. In all cases a detailed statement was taken of "general expenses" and "fixed charges" for a year's period, together with the total pay roll, operating wages for the same period. Overhead expenses were then prorated according to the proportion of this labor. These schedules were accompanied by similar schedules covering tops and yarns, which are filled out in the same manner. The report includes detailed returns of this character on 55 different samples.

The report of the board contains much valuable historical and statistical information on the wool and woolen industries, and shows a painstaking and faithful effort to reveal material facts for use in fixing the rates of duties in Schedule K. It, however, is confirmatory of the information already made public by our sheep raisers and woolen manufacturers, rather than the presentation of new facts.

Yet, on the difference in the cost of production at home and abroad, it is more complete in detail and covers a wider range of subjects than any previous presentation. The report on the cost of production at home was verified by actual tests made by the expert investigators employed by the board which fully corroborates the information previously given by our manufacturers.

The importance and value of the report is found in the fact that it

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fully corroborates the information previously given by our manufacturers as well as in the fact that it is the work of disinterested and impartial investigators.

Facts disclosed.

The work of framing a tariff bill on protective principles involves not only an inquiry into the relative cost of production at home and abroad of the commodities produced by the separate industries, but of each one of a great variety of separate articles. In the hearings which have been held by Congress for the preparation of tariff bills, our manufacturers have been compelled to combat a mass of unreliable and untruthful statements concocted by the enemies of our industries to mislead and prejudice the people, and especially members of Congress, against the protective system. So every effort to furnish Congress with reliable data on the subject should be approved by those who are endeavoring in good faith to procure the enactment of tariff laws based on sound principles.

The Tariff Board has been treated with the utmost consideration by the manufacturers, who have offered every facility at their disposal to aid the board in making a thorough and exhaustive investigation. Professor Emery, in his address before the semi-annual meeting of the National Convention of Cotton Manufacturers, held at Manchester, Vermont, on September 27-30, 1911, said:

> A tariff board should neither propose nor dispose; it should merely disclose. In order to make this inquiry thorough and fair we had to ask for much confidential information as to the inner details of your business. I can scarcely express too strongly our recognition of the promptness and willingness with which these requests were granted when their real nature and purpose were known. We have asked access to your books and records, your inventories, your financial statements and your balance sheets, and with rare exceptions these have been turned over to our agents without reservation. You have only asked that this material should be treated fairly by the board and be held in strict confidence so far as your competitors are concerned. I consider it a high compliment to the integrity and efficiency of our agents that you should have been willing to turn over to them so unreservedly this complete and confidential information, and I am glad to take this opportunity publicly to express my gratification of this confidence and my own conviction that they deserve it.
>
> In the annals of industrial investigation by this or any other government it would be hard, I think, to duplicate this complete surrender of private information, books and records, under no compulsion of legal process.

Those who believe in the protective system favor rates of duties sufficiently high to afford adequate protection, or such protection as will secure to our domestic industries and labor the home market, and maintain our industries in a vigorous and prosperous condition. Under such duties our industries will constantly expand, and labor will be fully employed at remunerative wages. In ascertaining the precise rates of duty which will

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accomplish this, the cost of production at home and abroad becomes material. It, however, is not controlling, because there are other elements to be considered, for the prices at which goods are sold are not always based on the production cost. The manufacturers of foreign countries have special export prices that are often below the cost of production, which must be taken into account. Again, the introduction of new machinery and devices, greater efficiency in management, reductions in wages and fluctuations in the prices of raw materials may so reduce the cost of production that a protective duty of to-day becomes a revenue duty next year. It has been the practice of British manufacturers for more than seventy years to enter foreign markets over increased protective duties by reducing wages. So the work of framing a protective tariff law has always been an exceedingly difficult task.

The board wisely confined its report to the subject of the cost of production, for the other elements which must be considered in fixing protective rates of duties rest upon so many contingencies and upon such economic changes that they should be dealt with entirely by Congress.

Difference in Production Cost—Wool.

Wool.

The report shows that the cost of producing wool is much greater in the United States than in foreign countries; that fine wool produced in the United States goes to market with an average charge against it of 12 cents per pound, and that from the Ohio region as high as 19 cents per pound; that fine and medium wools produced west of the Missouri River cost to produce, on an average, 11 cents per pound, and that the average of the whole country is 9 1-2 cents. In South America the average of cost is 4 and 5 cents; no exact figures are given for Australia. Consequently, if the fluctuations in prices are considered and the cost of transportation is to be taken into account and allowance be made for the lack of information of the cost of production in Australia, how can we, with safety, reduce the present duty of 11 cents per pound?

Senator Smoot in commenting on the report said:

> Australia and New Zealand produce great quantities of wool that come into direct competition with American fine and fine medium wools, and costs "net" to produce, according to the board's report, nothing, as the profits from the sale of mutton and sheep for stocking the "runs" pay in a normal year the entire station expenses, leaving the fleece profit.

Difference of Cost of Cloth Making at Home and Abroad.

The report confirms the statements of the woolen manufacturers that

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the cost of production of woolen goods is much higher here than abroad. The report shows that it costs 120 per cent more to manufacture woolen and worsted goods in the United States than in England. The report gives the difference in the cost of the several processes of manufacture from the raw wool to the finished cloth. It says:

"Tops."

Tops and yarns.

The difference in the cost of turning wool into tops in this country and England varies with the quality of the top. Considering all grades it may be stated that 80 per cent presents a rough approximation of the excess of the American cost over the English. The charges for commission combing in the two countries vary by about 60 per cent. The reason for the divergence of the cost figures from the commission charges is explained in the report.

This, of course, does not mean 80 per cent of the value of the tops, but merely 80 per cent of the conversion cost. The cost of conversion in the case of tops is in any case but a few cents, and but a small fraction of the total value of the product, including material.

Worsted Yarns.

The cost of producing yarns varies in different countries according to particular qualities and methods. In England the method of frame spinning is the more common, and on the Continent mule spinning. The latter is the more expensive process. Comparing frame spinning in England with frame spinning in the United States—which is the common method here—it may be said that, although there are wide variations in both countries from mill to mill, the conversion cost for the same quality and count of yarns in the United States is about twice that in England. The difference in the cost between the United States and Germany is not so great. This refers to the mere cost of turning tops into yarn, and of course does not mean that the difference in cost is equal to 100 per cent. of the foreign selling value. The foreign conversion cost of yarn from tops except in the case of the finest yarns, is normally less than 20 per cent of the total market value of the yarn. Care should be taken not to confuse the ratio between maufacturing costs and the ratio between total values, including cost of raw material.

Relative Cost of Producing Cloth from Yarn.

Relative cost.

The difference in manufacturing cost here and abroad of woolen and worsted fabrics varies greatly, according to the character of the fabrics. The main processes included are weaving, finishing, and dyeing. The figures of the board show that the cost of turning yarn into cloth in the United States compared with England is all the way from 60 per cent to 170 per cent higher, according to the character of the fabric. For a great variety of fabrics the American conversion cost is from 100 to 150 per cent greater than the English cost. This is further substantiated by the fact that the weaving scales per yard of product in the two countries vary in almost exactly the same proportions. The difference in cost of manufacturing in France and the United States is found to be very close to the difference

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between England and the United States. On the other hand, the difference in the cost of manufacture in the United States and Germany is somewhat less. Further, it should be pointed out that the statement that the difference in the cost of manufacuring cloth is 100 per cent or more does not mean 100 per cent of the market value of the cloth. It merely means that, given the same yarn, the cost of weaving and finishing in this country is generally somewhat more than double that in England. It is impossible to express this difference in relation to the total value of the product, since the material going into two different articles having the same conversion cost may vary widely in value, while, on the other hand, the material for the production of exactly the same article may vary widely in value at two different periods and the conversion cost remain exactly the same.

But the difference, ranging from 80 to 160 per cent in cost of the various processes of conversion of the wool into tops, the tops into yarn and the yarn into cloth, forms only a part of the elements making up the disadvantages the American manufacturer labors under. As the report states: "The main elements of cost of production are cost of plant, material and labor."

On the subject of the difference in the cost of plants, machinery, materials, labor and the efficiency of machinery and labor the report says:

Elements of cost.

The cost of erecting and equipping both woolen and worsted mills is much higher in this country than in England. The cost of erecting and equipping a woolen mill is about 45 per cent greater. The same is true of the weaving department of a worsted mill using American machinery.

The excess in cost in the case of worsted spinning is greater, as most of the machinery is imported. This pays a duty of 45 per cent ad valorem, and to this must be added charges for packing, freight, etc., which makes the foreign machine cost 70 per cent more or over in this country than abroad. Nor does this include the cost of erection, as does the price to the English manufacturer. The same is true of weaving machinery when imported.

The material is increased in price by the duty on raw wool. The manufacturer who imports his wool must pay the full amount of the duty, and this means either additional working capital or an additional interest charge to be paid. Wools grown in the United States are increased in value by the duty, but not by the full extent of the duty.

Wages are much higher in the United States, but wages are, in themselves, no necessary indication of relative cost of production. Frequently it is found that high wages and low labor costs go together. The question at once arises whether the labor in American woolen and worsted manufacturing is more efficient than such labor abroad, or whether by more efficient management or greater speed in machinery the American manufacturer is able to get a larger product per operative in proportion to the difference in wages.

It appears that this particular industry is one in which the high elements of costs in this country are not in general offset by any particular advantage or by any marked superiority in the efficiency of labor. To a certain extent, European countries have the advantage of us in this latter regard. In the centers of the industry abroad there is an adequate supply of labor which has been trained for generations in this one industry. In the United States a considerable portion of the labor is

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Speed of machines.

found to be of unskilled immigrants with no previous experience in manufacture; and in certain centers this population is of a very fluctuating kind, and the manufacturer is obliged continually to break in a new set of inexperienced operatives. The American tendency to secure the maximum output is noticeable in some cases, but comparing this country with England, at least, it may be said that the possibilities of speed have been practically reached in the latter country.

So far as worsted spinning is concerned, the best mills in this country seem to be able to operate with fewer operatives per machine, and to get a greater product per operative, than in some European countries, but if this means a sacrifice of quality of product to output it is not really a decrease in cost. Looms in the Bradford district run, on the whole, at a higher rate of speed than do looms in the United States. Furthermore, there is no superiority in American machinery over foreign machinery. As a matter of fact, a large amount of foreign machinery is used in this country, and in the worsted mills covered by the investigation into machine efficiency 87 per cent of all the machinery, from the scouring of raw wool through to the finished yarn, was imported. Only 22.9 per cent of looms were imported.

It may be said, then, that, taking the industry as a whole, the American manufacturer practically has no advantage in efficiency of labor and equipment over his foreign competitor, although this statement is subject to exceptions in the case of particular processes at particular mills. On certain specialties the largest and most efficient American mills are able by skillful organization materially to reduce the difference in cost.

Free traders refuted.

The foregoing has a most important bearing on the subject, and especially on the discussion of the tariff question, so far at least as it relates to the textile industries. The tariff reformers, while they have been compelled to admit that wages were much higher in the United States than in England, have persistently argued that American labor was so much more efficient than British labor; that our machinery was operated at such a greater speed, and that a laborer in America attended so many more looms and spinning machines than were attended in England, that although we paid higher wages than our foreign rivals, the difference in wages was fully compensated for by the causes stated, and, therefore, our industries needed no protection. This argument was so persistently made for so many years that by 1892 it was quite universally accepted as sound and exerted a great influence in bringing about the overthrow of protection in 1894.

Existing Duties and Prices.

It had been asserted that the woolen schedule was indefensible; that the duties were fixed so high by the Dingley law that our manufacturers had formed trusts and combinations, destroyed competition, were charging exorbitant prices, making excessive profits and robbing the people. These claims, which were put in circulation by the importers and enemies of

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protection, created such prejudices against the woolen manufacturers that a demand came from all parts of the country, and especially from the people of the Far West, for a downward revision of the tariff. The report of the Tariff Board disproves all such criticisms and fully vindicates the manufacturers who had discounted those charges before the Committee on Ways and Means and the public press by facts and statistics of the most reliable character. The report says:

The present duty practically excludes tops from importation and all yarns except worsted yarns of the greatest fineness and value. The same is true of low-grade and medium cloth for men's wear, with the possible exception of very light weight goods. A considerable quantity of the fine and expensive fabrics are imported. In the fiscal year 1911 these paid a duty amounting to 94.17 per cent ad valorem. These did not constitute 3 per cent of the total consumption of the United States. Women's dress goods weighing 4 ounces or under per yard are still imported in large quantities, and these paid in 1911 an average duty of 102 per cent. *Imports.*

On fabrics there are two duties—a specific duty levied on weight and an ad valorem duty. The specific duty theoretically compensates the manufacturer for the extra cost of his raw material due to the duty on wool. This compensatory duty is fixed at a point intended to be adequate to compensate the manufacturer using nothing but foreign wool of 66 2-3 per cent shrinkage. Practically no wool of such heavy shrinkage is imported under the present tariff duty. Consequently, the specific duty is more than compensatory for manufacturers using wools of lighter shrinkage.

This is true to a much greater extent in the case of fabrics made partly or wholly of shoddy, wool wastes, and cotton. An attempt to adjust the compensatory duty to the character of the material used in the fabric is made by the present tariff act, which fixes the compensatory duty at 33 cents a pound for goods worth not more than 40 cents a yard as against 44 cents per pound for goods worth more than 40 cents a yard. The lower rate, however, for the cheaper goods is equally in excess of the actual compensation needed as is the higher rate on medium goods. The result is that on low-grade goods a specific duty of 33 or 44 cents is sometimes in excess of the total value of the raw material in this country. Consequently the nominal duty on certain cheap fabrics, if imported—which is impossible under the existing duty—is commonly as high as 150 per cent ad valorem, and in some cases even over 200 per cent.

Much of the objection to the present compensatory duty as giving excessive compensation would be removed by putting the duty on wool on the scoured basis instead of on the grease pound. The compensatory duty in that case could be adjusted to the actual wool content in the case of all-wool goods, at least, and would be entirely independent of the disputed point of grease-wool shrinkages. As in the present act, it could be made proportionately lower for goods containing other materials than wool, by means of a separation according to value.

On cheap and medium grades of cloth for men's and women's wear, excepting light-weight dress goods, the combined specific and ad valorem duties are much in excess of the difference in the cost of production here and abroad.

Relative Prices.

On the other hand, prices in this country on the fabrics just referred to are not

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Domestic competition.

increased by the full amount of the duty. A collection of representative samples was made in England of goods ranging from those which can not be imported at all to those which are imported continually. These were then matched with a collection of samples of American-made cloths which were fairly comparable, and the mill prices compared for the same date. It is found that on goods entirely excluded the nominal rates of duty would reach an ad valorem rate of 150 or even over 200 per cent, but that the American fabric is actually sold in the market at from only 60 to 80 per cent higher than similar goods sold abroad.

On the 16 samples of foreign goods, for instance, none of which is imported, the figures are as follows:

Total of foreign rates	$41.84
Duties which would have been assessed had they been imported	76.90
Foreign price, plus the duty, if imported	118.80
Actual domestic price of similar fabrics	69.75

Thus, though the nominal duties on such fabrics are 184 per cent, the actual excess of the domestic price over the foreign price on similar fabrics of this kind is about 67 per cent. This is the result of domestic competition. At the present time the industry in general is on a competitive basis.

Certain specialties may be produced in limited quantities by particular firms which can not be duplicated successfully by their competitors. This might be the result of secret processes or of some special skill in designing or finishing. This may mean a wide margin of profit per unit of product in individual cases. It should also be noted that even in the case of standard goods the industry is one peculiarly dependent on fashion, and the manufacturer who happens to succeed in anticipating the shifting public demand may sell his goods upon a wide margin over the cost of manufacture and make large profits. Under ordinary circumstances the average manufacturer will find that he can sell a part of his output with a good margin of profit, and that another part, which does not meet the public demand, will have to be sold close to the cost price, or even below.

As to the productive capacity of the country in cloth-making to meet the domestic demand, there is at the present time no indication of any lack of adequate equipment. It is true that some years ago a greatly increased demand for worsted fabrics, assisted by the high tariff on worsted goods and their by-products, made the manufacture of such goods very profitable and the investment alluring, but this led to a rapid increase of worsted machinery in this country and the building of great modern mills in rapid succession in various parts of the East. A very considerable part of this increase was due to the inflow of foreign capital and the transfer of experienced cloth manufacturers from other countries. The result has been a great increase in competition.

To show how nearly the report of the Tariff Board accords with the opinions expressed by experienced wool growers and manufacturers, attention is called to the statements made by Mr. Goodwin, president of the National Association of Wool Growers, in an address before a recent annual convention. Mr. Goodwin said:

I am dressed in an all-wool suit of clothes made for this occasion. It cost me $48 in Boise, Idaho. I selected the best and heaviest cloth that I could find. In fact,

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it is an unusually heavy winter suit, weighing 18 ounces to the yard. The suit contains 3½ yards of cloth and weighs four pounds. It took exactly 14½ pounds of wool in the grease to make this suit of clothes. The average price paid for this wool at the railroad station was 16 cents a pound. This gave to the grower who produced this wool $2.32 for furnishing all the wool required to make this suit. In making this wool into yarn and then into cloth a by-product or a waste is created. A careful estimate shows that this waste in manufacturing this 14½ pounds of wool into cloth is worth 34 cents, so we find the actual cost for wool in this suit of clothes is $1.98.

Opinion of a farmer.

I have carried this investigation still further. Sending a sample of the goods of which this suit is made to a large manufacturer, I was advised that they were sold on the market by the manufacturer at from $1.90 to $2 a yard. Figuring the 3½ yards at $2 a yard, we find that this 14½ pounds of wool has cost $7 when manufactured into cloth ready to be made into a suit of clothes. This has paid the wool grower for growing the wool, the railroads for hauling the wool, the commission men for selling the wool to the manufacturers, and the manufacturers for making it into cloth. Seven dollars out of $48 leaves $41 that the wholesale merchant and the tailor received for their labor for distributing the cloth and making it into a suit of clothes.

Commenting on this statement, the *American Economist* of December 29, 1911, published the following:

The middlemen handling the cloth from mill to tailor get less than ten per cent or possibly 70 cents on Mr. Goodwin's suit, so that over $40 remains for the manufacturer of the suits and the retailers' profit, and here is where the hold-up comes, and not with the grower of the wool nor the manufacturer of the cloth. The mill producing the 3½ yards of goods would be fortunate indeed to get a profit of 70 cents, and a 50-cent net profit on this 3½ yards would mean full operation, if enough orders could be booked upon such a basis of profit. A protective tariff insures such a profit and a period of prosperity for American labor, while a lowering of the bars means depression for American industry and prosperity for foreign competitive labor. The manufacturers of the suits and overcoats and women's wear goods want the reduced tariff in many instances because it means a reduced price for cloth, but the reduction in the price of cloth to the manufacturing clothier does not mean lower prices for equal quality suits by any means. It means greater profit to the makers of the suits and the retailers.

Middlemen's profits.

The facts regarding the cost of the wool and the cost and profit to the manufacturer of the cloth are unassailable. The public is not held up by either of the above factors. It must judge for itself rather than accept the statement of politicians, whether or not it is getting a square deal, when it pays $48 for a suit that the growers of the wool and the manufacturer of the cloth divide $8 on.

It is an important fact, established by the investigation, that the woolen industry is on a competitive basis and is free from trusts and combinations. The fact that nearly all of the goods produced in American mills are sold at prices ranging on an average of nearly 67 per cent above the foreign valuation, while the duties on the same class of goods are equivalent to ad valorem rates ranging from 150 to 200 per cent and

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Competition and prices.

averaging 180 per cent, shows that the "excessive" duties are harmless and had not been added to the domestic price. As the board says: "This is the result of domestic competition." It is a well-known fact that the woolen manufacturers are under a great pressure exerted by the clothing manufacturers to buy their cloths as cheaply as possible. President Taft, in submitting the report to Congress and recommending a reduction of duties, said: "Although these duties did not increase the price of domestic goods by anything like the full amount, it is none the less true that such prohibitory duties *eliminate the possibility of foreign competition,* even in time of scarcity; that they form a temptation to a monopoly and conspiracies to control domestic prices; that they are much in excess of the difference in the cost of production here and abroad; and that they should be reduced to a point which accords with this principle." This reduces the grounds for a repeal of the excessive duties to the small and insignificant point that "they form a temptation to monopoly and conspiracies." That monopoly and conspiracy to control domestic prices have been prevented by the strong competition which has been carried on among domestic manufacturers to supply the American market and the struggle on the part of the clothing manufacturers to obtain their cloths as cheaply as possible, is a complete vindication of the arguments which have been made by sound protectionists during the whole history of the controversy.

Excessive duties not harmful.

That President Taft in his former utterances has attached altogether too much importance to "excessive" duties now fully appears. Certainly in the woolen schedule they have neither caused an increase in prices above the cost of production at home nor have they nourished monopoly, because those cloths which are wholly excluded from the American market, by prohibitory duties equivalent to 183 per cent ad valorem, are sold at prices only 67 per cent above the foreign valuation, and at the same time our American laborers employed in their production are paid 130 per cent higher wages than are paid to the same class of labor making the same class of goods in England. Moreover, the report of the board shows that there are no combinations among our manufacturers. Hence, the Dingley rates have neither kept up prices nor nourished monopolies. Also, it is shown by the report that the profit of the American manufacturers on the cloth which goes into a suit of clothes sold at retail for $23, is only 23 cents.

What reason, then, can exist for eliminating restrictive duties on the class of goods constituting the greater proportion of the fabrics made in American woolen mills? Why should the duties be reduced to a competitive point? Why, in fact, should any foreign-made goods be imported which can so well be made at home?

The importance of the recommendations in President Taft's message consists in the principles which are to govern a "downward revision,"

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The recommendation that restrictive duties be abandoned, and that rates be fixed at a competitive point, embodies two of the chief propositions of the downward revision system.

There could be no objection to the elimination of excessive and unnecessary duties, but sound protection would oppose a reduction of the duties to the competitive point, or to a point which would admit of the importation to any degree of this class of goods; for if the recommendation of the President that the duties be reduced to a competitive point were adopted, it would operate to the displacing of domestic production, and thereby diminish the employment of labor to the extent of such importations.

Other Duties Were Found to Be Below the Protective Point.

Duties not protective.

It appears from the report, Vol. I, Part I, page 150 (Table 110), that during the fiscal year ended June 30, 1911, dress goods were imported to the value of $6,364,272.87, upon which duties were collected amounting to $6,498,616.36, or at an average ad valorem rate of 102.11 per cent. On this point the report states:

Table 110 shows that only on a few cases are the computed ad valorem rates on dress goods under 100 per cent; none are under 90 per cent and from this they range upward to over 150 per cent. These computed rates, it should be remembered, include both the protective ad valorem rates and the compensatory rates. Unlike other paragraphs of Schedule K, the very cheapest dress goods dutiable under these paragraphs show a large importation. The imports of cotton-warp dress goods weighing 4 ounces or less to the square yard, valued not exceeding 15 cents per square yard and not over 70 cents per pound, in 1911 was 7,247,614 square yards, on which a duty was paid equal to 103.39 per cent of their value; 53.39 per cent of this was compensatory duty and 50 per cent protective duty. The lowest duties under these paragraphs are on cotton-warp dress goods weighing 4 ounces or less per square yard, valued over 15 cents per square yard and over 70 cents per pound. On the 5,521,565 square yards imported in 1911, the protective duty was 55 per cent and the compensatory duty 30.28 per cent of the value of the goods imported. The proviso which makes cotton-warp dress goods weighing over 4 ounces per square yard dutiable at 5 per cent less than cloth, raises the rate. Under this proviso the few fabrics valued at 40 cents or less imported in 1911 paid 130.68 per cent duty. The largest importation in 1911 (also in 1909 and 1910) is of dress goods made wholly or in part of wool, weighing 4 ounces or less per square yard and valued over 70 cents per pound. Of these 10,400,808 square yards were imported in 1911 over a duty composed of 55 per cent protective duty and 49.04 per cent compensatory duty. The effect of the proviso on dress goods made wholly or in part of wool is to raise the rates. On the small importation of goods in 1911 weighing over 4 ounces per square yard and valued at 40 cents or less per pound, the protective duty was 50 per cent and the compensatory duty 107.68 per cent of the value of goods imported.

It is noticeable in Table 110 that the large importations of dress goods into the

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United States are both the finest and the cheapest. Medium grades are not imported in large quantities. The largest importation is of dress goods composed wholly or in part of wool, weighing 4 ounces or less per square yard and valued over 70 cents per pound. The next largest importation in 1911 was of cotton-warp dress goods weighing 4 ounces or less per square yard, valued at 15 cents or less per square yard, and valued at 70 cents or less per pound. Cotton-warp dress goods, weighing 4 ounces or less per square yard, valued over 15 cents per square yard, and valued over 70 cents per pound, also show a large importation in 1911. The total value of the imports under the dress goods paragraphs is generally higher than on the imports under any other paragraph providing rates on manufactures of wool.

The total value of the importation of manufactures of wool (excluding yarn and other partially manufactured products) entered for consumption in the United States in 1911 was $18,412,900, which paid average duties to the amount of 88.38 per cent. The duties on some of the goods imported exceeded 100 per cent. It is significant that there has not been the slightest suggestion on the part of those favoring a downward revision, that the duties under which these large importations are taking place should be increased so that at least a part of them might be produced in American factories. The duties under which such importations are taking place are competitive, and are, therefore, not objected to by the downward revisionists. This illustrates precisely what would occur if the duties on all classes of goods were reduced to a competitive point and made to conform to this new system of tariff revision.

Ready-Made Clothing.

Clothing merchants profits.

Another exceedingly valuable feature of the report is found in the statistics showing the elements which enter into the cost of a suit of clothes, traced from the back of the sheep to the finished product. For the purpose of computation, the board takes a suit of clothes retailing at $23 and wholesaling at $16.50. This represents the suit worn by the average American citizen. Out of the $23 the farmer receives $2.23 for the wool in such a suit, and his profit is 68 cents; the manufacturer of the cloth receives $4.78 for his product, and his profit is 23 cents; the wholesale clothing dealer receives $16.50 for the suit, and his profit is $2.18; the retail clothing dealer receives $23.00, and his profit is $6.50. These figures are approximate.

It is, therefore, established by the report of impartial, unprejudiced, scientific investigators that the American woolen manufacturers have been most thoroughly misrepresented and abused during the several years that the recent agitation for a downward revision of the tariff has been in progress. There has not at any time been the slightest justification for the raid that has been made on this industry. The industry has prospered

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amazingly under the Dingley law. The production of worsted goods has increased from $120,314,000 in 1899 to $312,624,000 in 1909, or over 159 per cent. The production of hosiery and knit goods has increased from $95,482,000 in 1899 to $200,143,000 in 1909, or 109 per cent; the production of carpets and rugs has increased from $48,192,000 in 1899 to $71,188,000 in 1909, or 47.71 per cent. In felt goods the increase has been from $6,461,000 in 1899 to $11,852,000 in 1909, or 83 per cent; in wool felt hats the increase has been from $3,951,000 to $4,382,000, or 22 per cent. On account of the substitution of worsted for woolen goods the value of the product declined from $118,430,000 in 1899 to $107,118,000 in 1909, or 9.55 per cent. In 1909 there were 324 establishments, with an aggregate capital of $295,057,923, producing worsted goods; 111,248 wage earners were employed, receiving $47,151,871 in wages, and the material consumed was valued at $207,786,936. The establishments manufacturing woolen fabrics numbered 587 in 1909, with an invested capital of $120,317,070; they employed 52,183 laborers and used materials to the value of $65,651,634.

Growth of the industry.

The sound protectionists protest against this industry being either ruined by the adoption of the tariff-for-revenue-only policy of the Democratic party or embarrassed and its progressive development checked by competitive duties as proposed by the downward revisionists. Sound protection principles require that the duties should at all times be maintained above the competitive and at a restrictive point, so that the industry may be maintained with vigor and strength, extended and enlarged to keep pace with the rapid increase in our population and the growth and development of our country. While it would not be ruined under competitive duties, its progress would be stifled, and to the extent of the importations permitted by competitive duties domestic productions would be displaced, the employment of labor diminished, or a reduction in wages would be made necessary in order that our manufacturers might hold the entire home market.

Agitation harmful.

The effect of the agitation for a reduction of duties, and especially the radical assault made on the industry by the combined action of the Insurgent Republicans and the Democratic members of Congress, as expressed in the Woolens bill vetoed by President Taft in 1911, is shown in the reduced consumption of wool by our factories from 256,606,637 pounds in the fiscal year of 1910 to 165,900,839 pounds during the year ended June 30, 1911. The Tariff Board, commenting on the facts, says that it is "generally ascribed in the trade to lack of confidence and fear of adverse legislation." It is a most amazing thing to contemplate that the lesson taught in 1894 should have been so soon forgotten.

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CHAPTER XII.

DOWNWARD REVISION SYSTEM.

OLD ISSUES AND NEW—ATTITUDE OF PARTIES—PRESIDENT TAFT'S UTTERANCES REVIEWED—FORMULATION OF THE DOWNWARD REVISION SYSTEM—PRESIDENT TAFT RENEWS THE CONFLICT—THE SYSTEM OF DOWNWARD REVISION, AND WHAT IT MEANS—PUBLIC SENTIMENT—A SOUND PROTECTIVE TARIFF PLATFORM.

Business has rights which the politicians are bound to respect. The time has come for business men to assert those rights positively and aggressively.—*The American Protective Tariff League,* October 18, 1911.

If the Republican party is to live, it can live only by being true to and supporting the policy of protection.—JOSEPH G. CANNON.

What is a lower tariff for? It is to make it easier for foreign goods to get into the United States, to increase a competition from abroad. You cannot buy your goods and make them at home as well. No good farmer thinks of having his neighbors' sons to do his work when he has half a dozen boys at home idle. I do not believe in buying any kind of goods abroad that we can make here. We have a million of unemployed men at home.—WILLIAM MCKINLEY.

No party necessity is great enough to force its adherence against its country's best interests.—HON. WILLIAM MCKINLEY in House of Representatives, May 18, 1888.

Where they stand.

At this writing (February, 1912) a Democratic House of Representatives, aided by so-called Progressive Republicans, is struggling to overthrow the protective system. A Republican President has formulated an economic policy, based on certain distinct principles, for the accomplishment of a "downward revision" of the tariff, which he has promulgated and defended in messages, speeches and interviews.

The majority of the Republican members of the House and Senate,

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however, have been loyal and firm in the defence of their political convictions and the traditions of their party, and it is confidently believed that a great majority of the American people are as devoted to the protective system as ever, and will not tolerate its overthrow.

President Taft is endeavoring to revise the tariff so as to reduce the United States towards the business level of the Old World in such a way as to avoid, if possible, that destruction of industries and depression in business which are sure to follow the sudden consummation of the plan proposed by the Democratic party.

The principles advocated by the Democratic party are well defined, and the disastrous results which must follow the application of those principles to our industries have been fully discussed in previous chapters of this work. The protective system, its principles, and the great industrial achievements which have flowed from it, have been stated in painstaking detail. The writer would be content here to close the treatment and discussion of this most vital and important political and economic subject and leave the decision as to free trade or protection to the enlightened judgment of his fellowmen, but a distinct plan of tariff revision, although old in principle yet new in system, having within the last three years been formulated, is received by many people with much favor, and is being pressed for adoption with great tact and ability by President Taft and his influential and devoted political adherents. This imposes a duty upon the author which cannot be evaded or neglected. The author, to be honest with himself, true to convictions and faithful to the trust voluntarily assumed, must present and analyze this new system with the same degree of fairness and truthfulness that he has endeavored to deal with other phases of the tariff question as they have arisen at different periods of our history.

The vital question.

The most vital question now before the American people is President Taft's plan of tariff revision. It involves a radical modification of the protective policy, and if adopted will be a departure from many of the most essential principles of the protective system and a decided step toward free trade.

We will at first attempt, so far as it can be done from the public acts and declarations of President Taft and from the views expressed by those who are favoring the movement, to ascertain the principles involved, point out the particular respects in which they differ from the policy of protection, and consider the advisability of their adoption when tested by the established laws of national economy, and the experience of mankind.

In order to fully comprehend this policy it will be necessary to follow, in orderly sequence, the history of the movement for a revision of the tariff from the campaign of 1908 to the present time. "Downward

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Revision" has assumed the proportions of a tariff system, of an economic policy, and must be analyzed and dealt with from the standpoint of public welfare, in the same spirit and having the same end in view as all other tariff programs which from time to time have been considered.

Three systems.

At this writing the American people are confronted with two definite forms of attack on the protective policy. The first, under the name of "Downward Revision," although emanating from Republicans, is favored by free traders, so far at least as it tends to disrupt the Republican party, create discord among protectionists and open the American markets to the admission of competing foreign products. The second is the old "Tariff for Revenue Only" policy of the Democratic party. "Downward Revision" has received its popular support chiefly from those who have been led to believe that the tariff is the cause of the "high cost of living"; yet those who have been most influential in its formulation assert that conditions have so changed that the time has arrived when the Republican party should change its policy and embrace a plan of partial abandonment of protection. The "high cost of living" cry, so far as the Democrats are concerned, has been seized upon as affording an opportune time to renew their attack on protection, for when prices have been low they have argued that under free trade the people would get better prices, and now, that they are high, free trade is urged as the remedy for this alleged evil. This, like all other anti-protectionist movements, with a desire for both downward revision and free trade, is born of an economic delusion which dominates the minds of many of our citizens. It has been so long taught in our colleges and so persistently urged by free trade writers that freedom of trade is the true policy for a nation to pursue, that it is in harmony with the laws of nature, and that it is based on the true science of political economy, that they earnestly looked forward to a time when all shackles, so called, may be removed from trade and commerce and nations may enter into that longed-for era of universal free trade. This idea keeps alive the smouldering embers of free trade.

The very opposite of this idea is in fact the case, for the world is steadily moving away from free trade rather than toward it. The individualistic system is fast giving way to a more socialized organization of society and governments.

The economic philosophy which resolves itself into the doctrine of *laissez faire,* or free trade, is merely the introduction of industrial anarchism into the social affairs of mankind. It is turning over the whole warp and woof of industrial prosperity by which civilization is maintained, to the thousand winds that blow through the world of trade. Gov-

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ernments are maintained by civic laws. Systems of industry upon which society rests can be maintained only by industrial laws.

The history of the rise of a nation from weakness to power, from darkness to light, from barbarism and ignorance to civilization and enlightenment, is the history of the rise, diversification and perfection of its industries under protective regulations.

Attitude of the Democratic Party.

Tariff for revenue only.

Little need be said concerning the attitude of the Democratic party as it exists to-day on the subject of tariff revision. Upon gaining control of the House of Representatives in the Congressional elections of 1910, under the leadership of Champ Clark, who was chosen Speaker, and Mr. Underwood of Alabama, who was made chairman of the Committee on Ways and Means, the party voted substantially as a unit in favor of free trade in farm products with the Dominion of Canada. Without assurance that President Taft would approve other bills passed by the Democratic majority, the attack on protection was begun with great vigor and enthusiasm. A bill prepared by Mr. Underwood, called the "Farmers' Free List bill," was passed, as were also bills for a revision of Schedule K and the cotton schedule. The Free List bill and the Canadian agreement, so far as they related to farm products, were free trade measures pure and simple. The cotton and woolen bills provided for a revision in the direction of a tariff for revenue only. The following quotations from the speeches of some of the more prominent members of the party delivered in Congress in the debate on these measures reflect the attitude of the party, not, however, so clearly as the bills to which the party gave substantially its unanimous approval.

The Democratic party has taken up the tariff question where it was left by Mr. Cleveland in 1894, and under new leadership has returned to the attack on the protective policy, and is as loyal to the old principles of a tariff for revenue only as at any time since the Civil War. Mr. Underwood, the chairman of the Democratic Committee on Ways and Means, said on April 25, 1911:

> We do not believe in levying taxes at the custom house for the benefit of any man or the benefit of any industry. Our position is that the taxes levied at the custom house are for the sole purpose of producing revenue to support the government of the United States, and that we are not justified in levying taxes for any other purpose.
>
> And it is not necessary to say that when you build your tariff wall so high that foreign goods cannot enter the country you cannot raise revenue on them. But if you will lower your rates of duty to a point where reasonable and fair

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competition is arrived at, more goods will come into the country, and consequently more revenue will be collected at the custom house.

Tariff reform.

When the agitation in favor of free trade was renewed about 1880, the "Free Trade Club," of New York City, changed its name to the "Reform Club." Instead of flooding the United States with literature bearing the stamp of the Cobden Club, as had hitherto occurred, and carrying on the warfare against protection in the name of free trade, they branded their publications "Tariff Reform," and styled themselves "Tariff Reformers." Although persistently urging the doctrines of free trade, by changing their name and denying their parentage, it became easier to deceive and mislead the American people. To the credit of Southern Democrats it should be said that such tactics have not been practiced by them; they have stood up like men, and when they meant free trade they have said it, and have been saying it all the time. The term itself involves a begging of the entire question, for if the principles advocated by the protectionists are more beneficial, wise and just than those contended for by free traders, then legislation on the lines of the protective policy becomes "Tariff Reform" legislation. The words "free trade" were known to be so objectionable to the American people that this deceptive style of advertising was resorted to for the purpose of concealing the ultimate purpose of the movement, which was the establishment of the British system.

The whole scheme was unmasked by Chairman Wilson himself, who, at a banquet given in his honor in England by British manufacturers shortly after the passage of the Gorman-Wilson Law, said: "Our protectionists have been building defences to keep you and other nations from competing with us in our home market. *The tariff reformers are breaking down those defences.*"

As one false issue after another has served its purpose, been exposed and repudiated by the American people, another has been invented.

There being no change in the attitude of the Democratic party on the question, and the doctrines and principles which it is now advocating having been fully considered in previous chapters of this work, it is, therefore, unnecessary to give this branch of the subject any further attention. The necessary effect of the reduction of duties to the revenue standard is shown by all previous experience to be absolutely destructive of our domestic industries. But this fact and its known result has not in past years appealed to the Democratic party as worthy of the slightest consideration in determining its attitude on this most important question, involving, as it does, the vital interests of the nation.

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Attitude of the Republican Party.

Protectionism.

The last declaration made by the National Convention of the Republican party (1908) indorsed the protective system in all its integrity. The Republican party in the campaign of that year appealed to the American people for support upon the ground that it was as strongly in favor of maintaining the protective policy as it had been in the past. Mr. Taft, its candidate for President, while placing an erroneous construction on the platform, gave no indication that he was in any way hostile to the principles of protection as they had been understood and advocated by statesmen and economists at all times. The pledge given by the party in its platform for a revision of the tariff was not a pledge for a *downward* revision, but for a revision in perfect harmony with the protective system. The majority of the Republican members of the House of Representatives and of the United States Senate have remained loyal to the faith. The great body of Republicans in all sections of the country—manufacturers, miners, agriculturists and laborers, bankers, business men, professional men and the majority of the Republican press, composing the great electorate which has in the past upheld the cause of protection and sound money—have not surrendered their political convictions or yielded to the clamor for a departure from sound protection doctrine.

The Republican representatives in Congress who have stood by their guns and defended the cause of protection from attacks made by the common enemy, as well as from the mutinous forces in their own camp, have been styled "stand-patters." Future events will vindicate their courage and statesmanship.

Real progressiveness.

Real progressiveness does not consist in the overthrow of those great policies and principles of government which the experience of mankind has demonstrated to be wise and beneficent. The free trader, the tariff reformer, is committed to a definite set of economic doctrines and alleged principles which have been cherished and advocated by many able and patriotic statesmen, not only of America, but of all civilized countries. On the other hand, the policy of protection, based upon an opposing set of economic principles, has been and is indorsed by the world's greatest statesmen and economists. The controversy arising between these two opposing schools of statesmanship has arrested the attention of the enlightened minds of the nations. The principles involved are so at variance that no one can embrace both free trade and protection at the same time. There is fundamentally no rational middle ground. Those who style themselves Progressive Republicans or moderate protectionists are groping in the dark, bewildered by their own imaginings and confounded by their own inconsistencies. The recent agitation in the United States

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for a downward revision of the tariff has been promoted by the most irrational, uneconomic arguments that have found place in the discussion of the tariff question since our government was formed. We have those who claim that our farmers will not be injured by removing duties from farm produce and opening our markets to be flooded with the grains and provisions of other countries; who think that we can have high wages and low prices at the same time; who tell us that people can sell everything they produce for a high price and buy everything they want at a low price; that the duties on competing manufactures can be so reduced as to stimulate competition from abroad without forcing our employers of labor to reduce wages in order to hold the American market and resist such competition; that in some way we can practice free trade and still have protection. We are not required to wait for future experience to demonstrate the fallacy of such contentions, for they are condemned by the experience of many nations which have tried them over and over again.

Downward Revision.

A new system.

It is now in order to trace the genesis and growth of the system of downward revision, from its inception to the present, and ascertain the precise principles which it embodies and how it may be differentiated from free trade and protection.

This is most important, because it presents a clearly defined and direct tariff issue for the consideration of the people of the United States.

It has become the policy of a Republican administration. It has divided the Republican party into two hostile camps. It is supported by many influential newspapers and magazines and by a large number of Republicans who have hitherto allied themselves with the protective policy. It cannot live as an independent, middle-of-the-road program. It must perish unless it is adopted by either the Republican or Democratic party. The Democratic party has already approved of it as being what they regard as a revision in their direction. The Republican party cannot adopt it without a surrender of its most vital political principles.

Hence, it presents the most important and interesting political issue now being pressed upon the American people for settlement.

Mr. Taft is exceedingly difficult to understand. At one time he gives utterance to expressions which seem favorable to the protective policy, and intervenes to save important industries from destructive free trade bills by interposing his vetoes, and the next moment we find him advocating free trade legislation and entertaining sentiments inconsistent with

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protection principles. Hence his own ideas, his definite plan of tariff revision, although out of harmony with the protective policy and at the same time antagonistic to a tariff for revenue only, command the closest study and most thoughtful consideration.

Mr. Taft, in his speech accepting the nomination, expressed it as his opinion that some of the schedules of the Dingley law contained rates of duties which were higher than were required to secure ample protection, and that such excesses above the protective point should be eliminated. He also declared that in some instances the duties might be found to be too low to secure adequate protection, and therefore should be increased. But such were merely expressions of opinion upon questions of fact to be determined upon investigation. Although he had interpreted the tariff plank of his party as favoring a downward revision, as he called it, he in no way intimated that an abandonment of protective principles was contemplated, or that, if elected, he would endeavor to change the tariff policy of the Republican party.

Change not justifiable.

It had been urged for several years that great economic changes had taken place since the enactment of the Dingley law in 1897 which made a revision of the tariff advisable. Our foreign trade and internal industries had made unparalleled progress; our exports had more than doubled; our exports of wholly or partly manufactured articles had reached a magnitude which had scarcely been anticipated by the most sanguine protectionists, showing that many of our industries were successfully invading foreign markets. Moreover, it was known to well-informed protectionists, and especially to our manufacturers, that the rates of the Dingley law were in many respects too low to afford adequate protection for the production of many commodities which, under sufficiently protective duties, might be made at home. This was proven by the fact that our imports of competing manufactures had reached the amazing sum of over $700,000,000 a year of foreign valuation. Our imports of cotton fabrics were then approaching $60,000,000; our cotton hosiery industry had been practically destroyed by German competition; certain lines of gloves could not be made here because duties were too low. Hence the protectionists of the country ardently supported Mr. Taft, firmly believing that the revision of the tariff which had been promised by the Republican party would be made on the lines laid down in the McKinley and Dingley laws; that is, in those instances in which it was found that the rates of duties were above the protective point, the excess might be eliminated, but in no case should duties be reduced to a point which would throw our American manufacturers into competition with foreign rivals or encourage or promote the importation of competing commodities which would deprive a single American workingman of his job or cripple

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a domestic manufacture. At the same time it was well understood that in all cases where it was found that foreign manufactures were being imported which might by higher duties be made in American mills by American labor, the duties would be increased.

Reading the Republican platform in connection with the economic conditions of the country then prevailing, an expression of opinion that a revision of the tariff was made necessary by the changed conditions which had come about since the enactment of the Dingley law, unless emanating from a free trader, indicated no hostility to the cause of protection.

Since the inauguration of President Taft, however, on March 4, 1909, he has manifested a decided change in his attitude toward the protective system. This was first shown in the preparation and enactment of the Payne-Aldrich law. President Taft in this revision opposed increases in duties which would operate to establish new industries and diminish the importation of competing manufactures. He insisted that the revision should be a downward revision and not in any sense an upward revision. Mr. Payne tells us in his speech delivered before Congress on April 6, 1909, that the glove manufacturers of the United States went before the Ways and Means Committee early in the hearings and showed that under the increased duties on gloves made by the act of 1897, the industry of manufacturing a certain class of men's gloves had since been built up in the United States to an extent that we were then making 90 per cent of the men's gloves worn in this country, and that the cost to the consumer of such gloves had been reduced. These manufacturers also proved to the committee that if it would increase the duties on certain classes of women's gloves, so that they could be made in the United States, our glove industry would soon employ 50,000 people. Hence the Ways and Means Committee decided to increase the duty on women's gloves and establish for us a new and important industry. To this Mr. Taft interposed his objection.

Infant industries.

In his interview published in *Outlook* of December 2, 1911, after stating that he had put hides on the free list and secured lower duties on coal, iron ore, scrap iron, print paper, lumber, although failing to get lumber on the free list, he said:

> I took a similar and equal stand regarding gloves, on some classes of which an increase had been proposed for the benefit of an "infant industry."

The policy of protecting, establishing and building up new or infant industries has been one of the essential purposes of the protective system. Mr. Taft's ideas, however, of a tariff revision, as expressed in the

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Payne-Aldrich law, although a downward revision was not carried to the extent in all things which he desired, were based upon two distinct principles: first, that there should be no increase in duties for the establishment of new industries; second, no restriction on the importation of competing commodities which were then being imported, in order that existing industries might be enlarged. It should be stated that slight increases were made in some of the duties on competing commodities, but not sufficient in degree to defeat the approval of the bill by the President, although such increases were in conflict with his views of a downward revision. Duties, however, were raised on wines, spirits and certain luxuries, solely for revenue purposes. The principal feature of the Payne-Aldrich bill which met Mr. Taft's approval was the reductions which were made in protective duties on competing commodities.

Revenue duties.

In a speech delivered at Winona, Minnesota, on September 17, 1909, Mr. Taft defended the Payne-Aldrich bill as the best tariff measure that the Republican party had ever passed. He said:

Winona speech.

> On the whole, however, I am bound to say that I think the Payne tariff bill is the best tariff bill that the Republican party ever passed; that in it the party has conceded the necessity for following the changed conditions and reducing rates accordingly. This is a substantial achievement in the direction of lower tariffs and downward revision, and it ought to be accepted as such. Critics of the bill utterly ignore the very tremendous cuts that have been made in the iron schedule, which heretofore has been subject to criticism in all tariff bills. From iron ore, which was cut 75 per cent, to all the other items as low as 20 per cent, with an average of something like 40 or 50 per cent, that schedule has been reduced so that the danger of increasing prices through a monopoly of the business is very much lessened, and that was the chief purpose of revising the tariff downward under Republican protective principles. The severe critics of the bill pass this reduction in the metal schedule with a sneer, and say that the cut did not hurt the iron interests of the country. Well, of course it did not hurt them. It was not expected to hurt them. It was expected only to reduce excessive rates, so that business should still be conducted at a profit, and the very character of the criticism is an indication of the general injustice of the attitude of those who make it, in assuming that it was the promise of the Republican party to hurt the industries of the country by the reductions which they were to make in the tariff, whereas it expressly indicated as plainly as possible in the platform that all of the industries were to be protected against injury by foreign competition, and the promise only went to the reduction of excessive rates beyond what was necessary to protect them.

In the remarks above quoted Mr. Taft makes it clear that he did not favor such a reduction of protective duties as would injure any American industry. It is also apparent that he believed the reductions which were made had left the rates of duty high enough to afford adequate protection to the industries affected and enable them to be continued in a vigorous and prosperous condition. He further stated on this point:

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Now, the revision of the tariff that I have favored will not, I hope, destroy the industries of the country; certainly it is not intended to. All that it is intended to do, and that is what I wish to repeat, is to put the tariff where it will protect industries here from foreign competition and will not enable those who will wish to monopolize, to raise prices by taking advantage of excessive rates beyond the normal difference in the cost of production.

In this speech we find many expressions in favor of the protective policy. On the question of the high cost of living he said:

High cost of living.

The high cost of living, of which 50 per cent is consumed in food, 25 per cent in clothing, and 25 per cent in rent and fuel, has not been produced by the tariff, because the tariff has remained the same while the increases have gone on. It is due to the change of conditions the world over. Living has increased everywhere in cost—in countries where there is free trade and in countries where there is protection—and that increase has been chiefly seen in the cost of food products. In other words, we have had to pay more for the products of the farmer, for meat, for grain, for everything that enters into food. Now, certainly no one will contend that protection has increased the cost of food in this country, when the fact is that we have been the greatest exporters of food products in the world. It is only that the demand has increased beyond the supply, that farm lands have not been opened as rapidly as the population, and the demand has increased. I am not saying that the tariff does not increase prices in clothing and in building and in other items that enter into the necessities of life, but what I wish to emphasize is that the recent increases in the cost of living in this country have not been due to the tariff. We have a much higher standard of living in this country than they have abroad, and this has been made possible by higher incomes for the workingman, the farmer, and all classes. Higher wages have been made possible by the encouragement of diversified industries, built up and fostered by the tariff.

If President Taft had adhered to the principles enunciated in this speech and directed the influence of his administration against further tinkering with the tariff, it is to be doubted if the Democratic party would have had the courage to renew its assaults on our industries. The country would have accepted the Payne-Aldrich bill as a full compliance with even Mr. Taft's interpretation of the Republican platform, which was that it contained a pledge for a downward revision, although Mr. Taft said in his speech at Winona:

If he had stood pat.

Now, the promise of the Republican platform was not to revise everything downward, and in the speeches which have been taken as interpreting that platform, which I made in the campaign, I did not promise that everything should go downward. What I promised was, that there would be many decreases and in some few things increases would be found to be necessary; but that on the whole I conceived that the change of conditions would make the revision necessarily downward—and that, I contend, under the showing which I have made, has been the result of the Payne bill. I did not agree, nor did the Republican party agree, that we would reduce rates to such a point as to reduce prices by the introduction of

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foreign competition. That is what the free traders desire. That is what the revenue tariff reformers desire; but that is not what the Republican platform promises, and it is not what the Republican party wished to bring about. To repeat the statement with which I opened this speech, the proposition of the Republican party was to reduce rates so as to maintain a difference between the cost of production abroad and the cost of production here, *insuring a reasonable profit to the manufacturer on all articles produced in this country.*

Insurgents.

While the revision of the tariff effected by the Payne-Aldrich law fell short of the requirements of the protective policy, it was accepted by the protectionists of the country as the best which could be obtained under the existing state of public sentiment. The so-called Insurgent Republicans, under the leadership of Senators La Follette of Wisconsin, Cummins and Dolliver of Iowa, Nelson and Clapp of Minnesota, Bristow of Kansas, Beveridge of Indiana, Representative Murdock of Kansas, and others, forming a body of able and aggressive opponents of the protective system, favored a much greater reduction of duties.

While the Payne-Aldrich law was not a compromise between the two tariff factions of the Republican party in the sense that an agreement was reached, yet much was yielded by the majority in the hope that the law would, in the main, be satisfactory and be acceptable to all as the revision which was promised in the Republican platform.

On February 12, 1910, President Taft delivered an address before the Republican Club of New York City in which he defended the Payne-Aldrich law as a fair compliance with his interpretation of the Republican platform. He laid great emphasis on the fact that there were 654 decreases. The increases he justified upon the ground that they were made solely for revenue purposes, citing the duties on silks, wines, liquors, perfumeries, and pomades, which are articles of luxury. Those paragraphs of the law which provided for reduced duties on competing manufactures were made so prominent that it would lead one to believe that President Taft regarded this feature of the bill as its chief virtue. It was in this speech that Mr. Taft treated the Payne-Aldrich law as indicating the adoption of a new tariff policy by the Republican party, and to some extent, at least, as an abandonment of protective principles. He said:

Change of policy.

> The present customs law is the best law that has ever been passed, and it is most significant in this, that it indicates on the part of the Republican party the adoption of a policy to *change from an increase in duties to a reduction of them,* and to effect an increase in revenues at the same time.

This was the first expression made by President Taft in his public utterances that the attitude of the Republican party toward the protective policy had undergone a change.

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The Tariff Controversy Reopened.

Notwithstanding the fact that President Taft had approved the Payne-Aldrich law as a fair compliance with his interpretation of the Republican platform, with the exception, however, of the woolen schedule, which he believed should be reduced, he entered upon a broad and comprehensive plan for a further downward revision of the tariff which was to be accomplished, one schedule at a time, upon an investigation of the cost of production to be made under the direction of the Tariff Board. This plan was set forth in a letter written to William B. McKinley, chairman of the Republican Congressional Campaign Committee, from Beverly, on August 20, 1910, as follows:

President Taft's plan.

> Perhaps more important than any one feature of the operative part of the tariff law is that section which enables the Executive to appoint a tariff commission or board to secure the needed information for the proper amendment and perfection of the law. The difficulty in fixing the proper tariff rates in accord with the principle stated in the Republican platform is in securing reliable evidence as to the difference between the cost of production at home and the cost of production abroad. The bias of the manufacturer seeking protection and of the importer opposing it weakens the weight of their testimony. Moreover, when we understand that the cost of production differs in one country abroad from that in another, and that it changes from year to year and from month to month, we must realize that the precise difference in cost of production sought for is not capable of definite ascertainment, and that all that even the most scientific person can do in his investigation is, after consideration of many facts which he learns, to exercise his best judgment in reaching a conclusion.
>
> The Commission, however, already selected and at work, is a commission of disinterested persons who will ascertain the facts, not in a formal hearing by examination and cross-examination of witnesses, but by the kind of investigation that statisticians and scientific investigators use. When the Commission completes its work, either on the entire tariff or on any of the schedules in respect to which issue has arisen, and the work of the Commission shows that the present tariff is wrong and should be changed, I expect to bring the matter to the attention of the Congress with a view to its amendment of the tariff in that particular. Of course, this will be impracticable unless Congress itself shall adopt the parliamentary rule, as I hope it will, that a bill to amend one schedule of the tariff may not be subject to a motion to amend by adding changes in other schedules.
>
> It will thus be possible to take up a single schedule with respect to which it is probable that a great majority of each House will be unprejudiced, to submit the evidence, and to reach a fair conclusion, and this method will tend to avoid disturbing business conditions. For these reasons it seems to me that all Republicans —conservative, progressive and radical—may well abide the situation with respect to the tariff until evidence now being accumulated shall justify changes in the rates; and that it is much better for them to vote for Republicans than to help create a Democratic majority which would be utterly at war with the protective principle, and therefore would have no use for the findings of the Tariff Commission, as we may certainly infer from the solid Democratic vote in the present Congress against the necessary appropriation for the Commission's work.

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This plan comprised two general features: first, an ascertainment of the difference in the cost of production at home and abroad; second, a general downward revision of the tariff one schedule at a time.

Ascertaining the Cost of Production Abroad.

The inability of the Tariff Board to ascertain the exact difference in the cost of production at home and abroad was appreciated by the President, for he said:

The unattainable.

> When we understand that the cost of production differs in one country abroad from that in another, and that it changes from year to year and from month to month, we must realize that the precise difference in cost of production sought for is not capable of definite ascertainment, and all that even the most scientific person can do in his investigation is, after consideration of many facts which he learns to exercise his *best judgment* in reaching a conclusion.

The difficulties which the Tariff Board was certain to encounter in its efforts to ascertain the cost of production abroad were well understood by experienced American manufacturers. They knew that the board would utterly fail in this respect. It would not only be a piece of impertinence for the American government through its representatives to ask for the business secrets of foreign manufacturers, but it was the height of folly to attempt it. That foreign manufacturers would voluntarily furnish to representatives of the United States specific information as to the cost of the production of goods which they contemplated shipping to the American market, in order that the Congress of the United States might be able to fix the rates of duty so as to prevent such exportations, could not at all be expected. That the Tariff Board failed to obtain full information is shown by the report which it has made on the woolen industry. Therefore, the first and most essential element, in fact, the very basis of the scheme of fixing tariff rates upon an absolute knowledge of the cost of production abroad, is out of the question, and from this fact the whole plan must necessarily fail or be of little value to Congress. But for other reasons the President concedes that the precise difference in the cost of production is not capable of definite ascertainment, and that, after all, instead of the data furnished by the board being scientific data, the most that can be expected from them is the exercise of judgment in reaching conclusions. That the board could ascertain the cost of production in American mills was never questioned, because our manufacturers conduct their business according to the most approved and scientific methods. They keep correct books of account, have a cost department with an expert at its head, and know, as they

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Objections to plan.

must know at all times if they are to be successful, the elements of cost which enter into the various processes of manufacture, from the raw material to the finished product. Our manufacturers willingly opened their books to the investigators and gave them every facility for performing the work. Moreover, as appears from the report of the board, it did not depend wholly on the records kept by the manufacturers, but put its own experts on looms and made actual tests to ascertain the efficiency of machinery and the cost of the various processes of manufacturing. If Congress is to fix the rates of duty at a point which will afford adequate protection to our domestic industries, it cannot accept the figures furnished by the Tariff Board, but must rely, as it has always relied, upon the prices at which foreigners sell their products for export. This is true for two reasons: first, because the actual cost of production abroad cannot be ascertained from foreign sources; and, second, because merchandise for export is not always sold on the basis of cost price, but is sold at prices which are determined by the conditions imposed by competitors in the markets in which the goods are disposed of. It is a well-known fact that manufacturers in all countries will sell a disposable surplus without profit, or at less than cost, in order to clear their stocks and keep their mills running the year round. This is especially true of sales made in those markets where they meet the sharpest competition, while in other markets, where conditions are more favorable, they are able to obtain prices which fully compensate them for the sacrifices made in other directions. This is a rule of trade universally practiced by the manufacturers of all great exporting countries. Moreover, foreign manufacturers often sell their goods at a loss during a term of years for the purpose of getting a foothold in a foreign market, or to suppress competing industries, and then, after getting control of the market they raise prices and recoup the losses which they have sustained in the struggle. It is well in this connection to again quote the report of a commission made to the British parliament in 1854 of the competitive methods practiced by British manufacturers to suppress rivals in foreign countries:

Selling below cost.

> The laboring classes generally, in the manufacturing districts of this country, and especially in the iron and coal districts, are very little aware of the extent to which they are often indebted for their being employed at all to the immense losses which their employers voluntarily incur in bad times in order to destroy foreign competition, and to gain and keep possession of foreign markets. Authentic instances are well known of employers having, in such times, carried on their works at a loss amounting in the aggregate to three or four hundred thousand pounds sterling in the course of three or four years. If the efforts of those who encourage the combinations to restrict the amount of labor and to produce

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strikes were to be successful for any length of time, the great accumulations of capital could no longer be made which enable a few of the most wealthy capitalists to overwhelm all foregin competition in times of great depression, and thus clear the way for the whole trade to step in when prices revive, and to carry on a general business before foreign capital can again accumulate to such an extent as to be able to establish a competition in prices with any chance of success. The large capitalists of this country are the great instruments of warfare against the competing capital of foreign countries, and are the most essential instruments now remaining by which our manufacturing supremacy can be maintained; the other elements—cheap labor, abundance of raw materials, means of communication, and skilled labor—being rapidly in process of being equalized.

To be sure, the above report indicates what the conditions were sixty years ago; yet instead of competition having abated, it has grown more intense, and our European rivals possess much greater ability to invade our markets to-day than they had then. They operate with much larger capital, their factories are equipped with more efficient machinery, and their business is conducted by more scientific methods than it was at that time. Moreover, the system of carrying on manufacturing by concerns largely capitalized and the method of marketing goods through syndicates have recently grown up in all of the great manufacturing countries of the Old World and have greatly added to their power to invade foreign markets and meet domestic competition. Such combinations for promoting the export trade in Germany are called syndicates or cartels. The German syndicate differs little from trusts. Professor Liefmann, an authority on German syndicates, in his work on "Protection and Cartels" says:

Competitive power.

The German cartels or syndicates are much older than the American trusts. Trusts practically do not exist in Germany. The German cartel or syndicate merely provides for an agreement among independent undertakings regulating production and prices, in some cases a common sales agency being maintained through which members are obligated to sell their products. The independence of the different undertakings, however, is strictly maintained.

Notwithstanding Professor Liefmann's definition of German cartels and syndicates, and the statement that trusts practically do not exist in Germany, it nevertheless appears that the agreement described between independent companies by which production and prices are regulated, the combined product marketed through a common sales agency, and the parties to the agreement obligating themselves to sell only through such agency, contains the essential elements of modern American combinations called trusts.

Consul General T. St. John Gaffney of Dresden, Saxony, says:

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Foreign syndicates.

The usual method of procedure is for a number of the expert officials of the syndicate to visit the works included, and to record the geographical situation, mechanical equipment, productive capacity, and special aptitude of each of the associated concerns. Orders received are allotted and prices fixed by the syndicate. Each establishment gets its due share of the trade available, regard being paid, of course, to the location and capacity of the works. For example, a Russian or Austrian order would, other things being equal, be allotted to a Silesian firm, while an English one would go to a Westphalian shop. The country is mapped out into trading zones, and everything possible is done to avoid waste, overlapping, delay, and high cost of transit. . . . Raw materials are bought and finished products are sold on the most highly organized and economical lines.

In 1897 some of the German syndicates adopted the export bounty policy. Since that time iron and steel manufactures have been subsidized in respect of goods produced for export. The unions controlling fuel, iron, raw steel, etc., have supplied materials at cheaper rates when such materials have been required for manufacturing for export than when needed for goods for the home market. From time to time the bounty rates, or differences between home and export prices, have been increased or decreased in response to the fall or rise in the home demand, the primary object being to effect full employment for the mills even when home trade has been slack, and the second to secure a permanent trade in foreign markets.

Largely through the operation of these bounties German iron and steel goods have gained a foothold in markets previously regarded as British preserves. Germany seems on the way to dislodge England from the premier position as a steel-exporting country, largely, it appears, if not entirely, as an outcome of superior organization.

How cost of production varies.

So it appears that the cost of production, even if ascertained, could not be relied on as the basis for fixing the tariff rates. Moreover, there are difficulties at home which must be encountered. It is a fact well known that concerns differ as individuals differ; that the cost of production is not the same in all concerns producing the same class of goods. This may arise from natural advantages and facilities for carrying on the business, or from many causes which are familiar in trade. For instance, take any branch of production, such as the woolen industry, for illustration, and it will be found that the concerns producing, we will say, 10 per cent of the product, and having abundant capital, are able to buy everything at cash discounts; their factories are up to date in every respect and equipped with the most efficient machinery; their labor is well organized and under good discipline, and the business is conducted at the highest known degree of efficiency. Their goods are produced at a minimum of cost, and they are able to make large profits. A second class of concerns producing 20 per cent of the product, although equally forehanded in capital, for many reasons do not conduct their business with that same degree of efficiency and perfection; hence they are unable to manufacture as cheaply as the first class mentioned. Then it will be found that those producing 70 per cent of the output are made up of con-

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cerns ranging all the way from those doing business partly on borrowed capital and having less efficient management, to concerns which are just starting in business with untrained operatives and depending in great part on borrowed capital, buying their materials on credit and either making no money or simply declaring small or moderate dividends.

In arriving at the standard of the cost of production in the United States, that is to be adopted by Congress for fixing tariff rates, which class of manufactures is to be taken as furnishing the best guide for ascertaining the value on which the rates of duty are to be fixed? Certainly if the first class is taken, those of the lower class, which form the great body of the manufacturers of the United States, would not be protected, and they would be subjected to such sharp competition as would close their mills. At the same time, if taking them all together an average is struck, those below the average would still be at a disadvantage, and those above the average would be making large profits. These illustrations show how absolutely impracticable the whole scheme is, and why it is that our home market should not be attacked simply because a few concerns are making what some people may regard as excessive profits. The whole scheme is idealistic and absolutely impracticable and unworkable. This has evidently been discovered by the Tariff Board itself, because in its report of its investigation of the woolen industry it decided not to attempt rate fixing or to suggest to Congress what particular rates of duty should be imposed.

Policies Supported by Downward Revisionists.

Facts only to be given.

During the next few months, in speeches and interviews and in his messages to the regular session of the Sixty-second Congress, President Taft expounded many phases of his tariff policy and displayed a firm determination to bring about a thorough revision of the entire Dingley law. At the same time the Tariff Board was pursuing its investigations especially preparatory to a presentation of its report on the wool and woolens industry.

The nature of the work being performed by the Tariff Board was pointed out by Professor Henry C. Emery, its chairman, in an address delivered before the National Association of Cotton Manufacturers, in September, 1911. As contained in the press dispatch, in substance it is as follows:

> The work of the Tariff Board consists merely in disclosing conditions in the industries it investigates and not in recommending the amount of duties to be imposed by Congress. In no case should the members of the Tariff Board be swayed by personal theories as to free trade or protection, by prejudice as to party welfare or by loyalty to sectional interests.

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Our purpose is to ascertain all the facts needed for the logical application of whatever principle of tariff taxation the public may decide to adopt.

Those facts should be arranged for the scrutiny of Congress, the function of which is to decide the amount of duty. The Tariff Board ought to be able to show what kind of duty would prevent foreign competition altogether, what kind of duty would permit foreign competition, when business is good and demand active; what kind of duty would permit vigorous but not disastrous competition at all times, and what kind of duty would make domestic production so unprofitable as to force a wide curtailment of any industry at home and the substitution of the foreign for the home-made article.

Policy outlined.

Here we have the three policies now being supported by the downward revisionists, the tariff for revenue only advocates, and the protectionists. The latter contend that the duties should be high enough to prevent foreign competition altogether and preserve for domestic manufacturers, miners, agriculturists and laborers the entire home market. The downward revisionists, under the leadership of President Taft, are favoring the fixing of rates of duties at a point which will "permit vigorous but not disastrous competition" at all times. What constitutes disastrous competition rests wholly in the opinion of the individual from his point of view. Those favoring a tariff for revenue only believe that the duties should be fixed at a point that will make domestic production so unprofitable as to force a wide curtailment of home industries and the substitution of foreign for home-made goods. Here we have from Professor Emery a very terse, intelligent and instructive statement elucidating the three principles of tariff making which are now being pressed for determination by the American people.

The controversy between the great parties since the formation of our government has been over the protective principle and the tariff for revenue only principle, as above stated; but now for the first time in our history we have presented for consideration a new and novel principle of fixing tariff rates which is in harmony with neither the protectionist principle nor with the tariff for revenue only principle. Mr. Taft's theory of accomplishing a downward revision is regarded favorably by free traders and by all who are committed to the tariff for revenue only principle, which is the same thing as free trade, because it involves such a reduction in duties as constitutes a long step in the direction of free trade, and because they are glad to accept it providing it is the best which they can obtain, while at the same time they are struggling to carry the country to the full length of their revenue policy. Moreover, the advocates of free trade have looked upon the downward revision policy with great optimism because it is hostile to so many well-settled protective principles. Secretary MacVeagh, who is recognized as a free trader, says of the downward revision plan:

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The Republican party has changed its front. It is now facing about and is marching toward lower duties. This is a wonderful, radical and fundamental change.

A free trader's indorsement.

When well-informed free traders like Secretary MacVeagh express such decided views on President Taft's plan of revision, the opposition which it has received from sound protectionists needs no further explanation.

That Mr. Taft has been moving rapidly toward a radical departure from protective principles is further shown by his interview published in *Outlook* of December 12, 1911, in which he stated:

My chief objection to a needless high tariff is that it nourishes monopoly. It holds forth a constant temptation to the formation of little trusts, which often are more directly oppressive to the consumer than big ones. For example, we have found local lumber markets controlled by retail lumber trusts, growing out of the big trusts which dictate prices to the wholesale trade and which draw their chief support from duties which I believe quite unnecessary for purposes of legitimate protection. And the same principle holds good everywhere you look.

Suspicions are not facts.

The protective policy has been assailed by free traders ever since 1828, on the ground that it nourished monopoly, yet we have had the most intense competition between our domestic producers all the time, and this domestic competition has been forcing down prices and keeping them at a basis of our home cost of production and saved untold millions to the consumers of the United States. The only monopolies from which the American people have suffered have been foreign monopolies which maintain exorbitant prices for their commodities as long as the American markets are open to receive their goods; and such foreign monopolies have been destroyed only when domestic industries have been established under protection and domestic competition set up. Even to-day the highest prices that the American people pay for manufactured articles are those which they pay for articles now being imported. The truth of this can be ascertained by making inquiries at any retail store in the United States that is selling imported wares. Now as to lumber. The duty of $2 per thousand, or of $1.25 as fixed by the Payne-Aldrich law, is an insignificant duty and cuts little figure in influencing the restriction of importations of lumber from Canada. American associations of retail lumber dealers can fix prices in our retail trade as successfully if the lumber is brought from Canada as they can if it is purchased from our domestic markets. The history of the tariff question proves that the prices which the American manufacturers, miners, agriculturists and laborers receive for their products are fixed by the domestic cost of production, and are not in-

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Excessive duties harmless.

creased by the rates of duty, whatever they may be, excepting as the rates of duty enable them to pay from 100 to 200 per cent higher wages than are paid in foreign countries. Rates of duty above the necessary protective point undoubtedly exist in the present tariff law to some extent, and might always be found in every protective tariff law that has been enacted. Such instances were more numerous in the earlier protective tariffs, because more rapid changes were taking place by the introduction of machinery and by other influences which greatly reduced the cost of production. In 1816 a duty on coarse cotton goods, which built up the cotton industry, was 25 per cent ad valorem, calculated on a system of minimum valuations, the act providing that all cotton goods costing less than 25 cents per yard in the place of their production, should be taken and valued at the custom house at 25 cents per yard, and the duty of 25 per cent ad valorem calculated on that valuation. When that law was passed coarse cotton goods were not worth less than 25 cents a yard, and from that up to 30 cents; hence the duty was at least equivalent to an ad valorem rate of about 25 per cent. By 1832, through American competition, this class of goods was absolutely excluded from our market; the duty became equivalent to more than 200 per cent ad valorem, and by our domestic competition the price was reduced to 9 cents a yard. And prices constantly fell, under such protection continuing to fall, until the same class of goods sold for 7 cents a yard in 1846. Take nails for another example. We were paying English nail manufacturers 15 cents a pound for nails; so a duty of 5 cents a pound was imposed by the act of 1816. In 1835 the price had fallen to 5 cents a pound, and nails sold for that price in the domestic market, although the duty was then equivalent to 100 per cent ad valorem. Similar illustrations might be drawn from every industry that has been established from the beginning of our protective system until the present time. The same has been true of the silk industry, the woolen industry, the iron and steel industry, pottery, glass, tinplate and many others. This fact is also demonstrated by the recent report of the Tariff Board, which shows that woolen fabrics upon which the duties calculated at the foreign valuation are equivalent to 183 per cent and which are so high that all importations have for years been excluded from the American market; and yet, as the Tariff Board says in its report, these goods are sold by American woolen manufacturers at an increase of only 67 per cent above the foreign valuation. The duty is not added to the price. The excessive or unnecessary duties have not encouraged combinations and monopolies in the woolen industry, for the Tariff Board reports that there are no combinations in the industry, but that active and strong competition prevails. Moreover, the report of the Tariff Board states that American manufacturers pay wages

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more than 100 per cent higher than are paid in English mills to the same class of labor, and Mr. Forstmann, an experienced woolen manufacturer of Germany who removed to Passaic, New Jersey, in 1903, employing about 3,000 American working people, informs us that he pays his Passaic mill operatives from 200 to 300 per cent higher wages than are paid in Germany. Now, the reason for the existence of prices for this class of woolen goods of 67 per cent above the foreign valuation is found in the increased wages paid to American labor. American labor gets this benefit, and this is why we have the best paid, the best clothed, the best housed, and the most independent and intelligent labor in the world. Further, if the objection to our protective policy is that it nourishes monopoly, what then is the justification for placing the products of the American farmers on the free list; for reducing the duties on woolen goods and on cotton goods when the industries for their production are now carried on under active competition entirely free from the taint of monopolies? If this is the point of objection it would have been wise to direct the efforts of the Tariff Board to a discovery of those industries which are being nourished by monopoly and place them at the head of the calendar for revision, instead of those which have been selected for the operation. It is most unfortunate for the cause of protection that President Taft should have used language which tends to prejudice the American people against the whole protective system and give approval to the contentions of its enemies who have been endeavoring at all times not only to prevent the establishment of a system of manufactures in America, but to bring about the destruction of those already set up.

Competition regulates prices.

Again, President Taft in giving publicity to his new policy says:

> I have long been convinced that we were overdoing the tariff business. . . . Of course we feared that there might be opposition from the extreme high protectionist Republicans in Congress, and not a few of my friends have blamed me for not breaking with them, throwing down the gage of battle, and vowing that I would stand or fall by the low tariff issue. They fail to reflect, however, that I was not only President of the United States, but head of the party to which these men belonged. I could not hope to have assistance from the Democrats, and my battle was lost before it was begun unless, by patient effort, I could get reinforcements from the ranks of protection Republicans. Some of these men were amenable to argument, and they had long been leaders in Congress. One must not lose sight of the fact that, while I was pledged to insist upon lower tariff duties, there were many Representatives whose motive to protect the industries of their districts was just as strong as mine to comply with my construction of the platform.

Avoiding opposition.

This is the most amazing statement which President Taft has given

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out. It indicates that he is not in sympathy with the protective policy, but is endeavoring to lead the party to a low tariff policy and is making as rapid progress as it is possible for him to make with a protectionist party on his hands.

It was in this interview that Mr. Taft said:

Free trade indorsed.

> I see no objection myself to entire free trade between the two countries. [Referring to the United Stats and Canada.]

In his speech at Hamilton, Massachusetts, in the fall of 1911, reported in *The Protectionist* (October, 1911, pages 301-304), President Taft contended that a further revision of the tariff should be undertaken and accomplished according to the apparent *popular sentiment* of the country, and not in accordance with the platform of the Republican party of 1908. That platform and its declarations of principles seem now to have become obsolete. The President said:

> I recognize the general demand throughout the country for a reduction of duties so far as that reduction can be made consistent with the maintenance of *a measure* of protection that shall enable the industries of the country to live.

Public sentiment.

President Taft here accepts an apparent sentiment of the public as his guide when public sentiment is the most fickle, the most shifting and the most unreliable measure of the people's will that can be taken. He interprets this public sentiment to mean that "adequate protection" is not to be retained, but that there shall be substituted for it "a measure" of protection, or a little protection, as little, in fact, as will enable the industries not to grow in vigor and prosperity, but to "live" or to exist. The industries of the country can undoubtedly live or exist under much lower duties, but they cannot pay the present scale of wages under lower duties. Mr. Taft said further:

> The time of the Chinese wall and duties exceeding the difference between the cost of production here and the cost of production abroad has passed, and we of the Republican party are under an obligation as soon as opportunity comes to advocate and carry through a revision of the tariff which shall meet the present *popular demand* and to which we are really pledged.

Duties which have been high enough to secure the home market to American manufacturers, miners, agriculturists and laborers for their products, and to shield them from injurious competition from abroad,

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constitute the "Chinese wall," a term that for many years has been applied by free traders to all adequate protection. The phrase "Chinese wall" has a definite meaning. Free traders have failed to remove it. The great constructive statesmen of our country have erected it and defended it. Our industries have been built up, maintained and thrived under the protection of this wall. It has made the United States the greatest manufacturing nation in Christendom; it has made our people the wealthiest people in the world; it has enabled American employers to pay wages 100 per cent higher than are paid in England, and from 150 to 200 per cent higher than are paid on the Continent. Such expressions from a Republican President seem exceedingly regrettable to consistent, loyal protectionists who regard the protective system as the most beneficent economic policy ever devised to promote the comfort, well-being, prosperity and happiness of our people.

The Chinese wall.

Hon. George E. Roberts, Director of the United States Mint, in an interview in support of the downward revision plan, which he calls "tariff reform," after reciting what Mr. Taft has done toward a downward revision, says:

> My own Republicanism has been questioned in Iowa because I have thought for years that the party should modify its protective policy and gradually work nearer to the world's level of doing business. I believe this in all sincerity. I believe that if President Taft is supported in his efforts to establish a non-partisan tariff commission as a permanent institution, he will accomplish more for the cause of genuine scientific tariff reform than can be accomplished in any other way.

This indicates very plainly and clearly the end which the downward revisionists have in view. As Mr. Roberts expresses it, "gradually working nearer to the world's level of doing business." To the accomplishment of this end the American importers and free traders have been struggling ever since our Civil War. What does it mean? As the *American Economist* of November 17, 1911, stated, in discussing Mr. Roberts' declaration:

Leveling down.

> It means putting American life on a level with life in other countries. America is on a level of her own to-day. "Working nearer to the world's level of doing business" would mean lower wages to every workingman in America. There is nothing that keeps American life above the life in other countries except the higher wages paid to the workingman. When Mr. Roberts lowers American life to the conditions prevailing in other countries, he must begin his life career by lowering wages. The majority of American free traders consider American wages too high. A majority of American free traders are aristocrats who want to see a perpetual laboring class in America and who want a lowering of the scale of aristocratic living.

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In a speech delivered on the Canadian agreement at Springfield, Illinois, on February 11, 1911, Mr. Taft contended that we must cease to defend the protective policy on *protective principles,* and predicted that unless we abandon protective principles the whole policy will be swept away. He said:

To abandon principles.

> The very existence of the policy [of protection] depends on our abolition of the tariff where it is not really needed under the principle of the last Republican platform.
>
> If we persist in retaining it in these times of high prices and gradually exhausting food supply, and base our retention on protection principles, we shall arouse an opposition that will know no moderation and will not cease radical economic changes until it has removed from the statute books the last trace of protective tariff.

The protectionists have never contended that we should either impose or retain tariff duties where they are not needed to foster and protect our industries. What they have contended is, that duties, when needed to protect a home industry, ought to be high enough to secure to the domestic producer the home market; that we ought to produce our own manufactures, raw materials and farm products by the labor of our own people. This is a "protective principle." But Mr. Taft says we ought not retain tariff on "protective principles" "in these times of high prices and gradually exhausting food supply," implying that we ought to remove the duties on farm products in order that we may buy cheaper from Canada. Yet when Mr. Taft delivered his Winona speech he wholly exonerated the protective policy from being accountable for the high prices of food, saying:

Prices.

> Now certainly no one will contend that protection has increased the cost of food in this country, when the fact is that we have been the greatest exporters of food products in the world.

Again, in his Chicago speech he expressed the opinion that if the agreement were adopted the price of farm products would not be materially affected; while the protectionists believe that the necessary effect of opening the American market to a flood of grains and provisions from Canada would be to depress the prices of farm products; that the greatest injury which could be inflicted on American agriculture would arise from the displacement of domestic productions by those from Canada, resulting in a decrease of our home productions and a decline in the value of lands and a diminution of the wealth and resources of the country. An important statement made by Mr. Taft in his Springfield speech is his fear that the whole protective system will be swept away unless we adopt

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the free trade policy of buying where we can buy the cheapest. The protectionists have met this proposition with great success ever since the demand to buy where they could buy the cheapest was asserted as a constitutional right by the people of South Carolina in 1832. Our industrial progress has not been achieved by cheap goods, cheap provisions and cheap men, but by good prices, high wages and fair profits. The history of the question shows that we should not be alarmed over an abnormal rise in prices brought about by the law of supply and demand, especially when it is worldwide. The thing which should concern us most is the danger of a worldwide reaction in business that will send prices down here as well as everywhere and destroy the good times we are enjoying.

Protectionists not alarmed.

But how the protective policy can be preserved by a surrender of its principles is inconceivable. The Republican party has never yet abandoned a great principle of national policy which it has once espoused. It has met defeat at the hands of the people when some of its most cherished principles were at stake, but it has never retreated. Time and experience have vindicated its course, and it has returned to power each time with an untarnished record to add new achievements to its glorious career. As McKinley said after the repudiation of his tariff bill by the people and the defeat of his party in 1892:

McKinley a standpatter.

> The Republican party values its principles no less in defeat than in victory. It holds to them after a reverse, as before, because it believes in them and, believing in them, is ready to battle for them. They are not espoused for mere policy, nor to serve in a single contest. They are deep and strong in the hearts of the party, and are interwoven in its struggles, its life and its history.

It was his steadfast adherence to the principles of protection which made William McKinley President. It has been the unwavering devotion to those principles which has sustained the Republican party in the darkest hours of the nation's history. If it goes down in defeat by the abandonment of its great principles and the people's cause, it will never rise again.

Conceding that a reduction of duties to accomplish that end was a violation of protective principles, Mr. Taft said:

> If we insist in retaining it [the protective policy] in these times of high prices and gradually exhausting food supply, and base our retention on *protection principles,* we shall arouse an opposition that will know no moderation and will not cease radical economic changes until it is removed from the statute.

It is asserted that conditions have changed and that a tariff is no

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longer needed. This fallacious argument has been made in every campaign since 1860. The effect of the downward revision of the Gorman-Wilson bill on the industries of the country is all that need be mentioned to disprove the contention. M. Thiers, addressing the French Assembly in 1870 against a proposal to encourage the importation of competing commodities into France, said:

A voice from France.

I can understand that we might hesitate before undertaking to develop certain industries in a country; but what I cannot understand is, that, when they are already developed, we should leave them to perish.

Downward Revision System Analyzed.

That the downward revision system is a departure from the sound, consistent protective policy which has been advocated by the Republican party since the close of the Civil War, there can be no question. It was in 1872 that the Republican party placed itself squarely on record as favoring the maintenance of a decided protective system, having for its essential purpose the promotion and extension of American industries. In its platform of 1872 the Republican party declared:

Republican platforms.

Revenue . . . should be raised from duties on importation . . . so adjusted as to . . . promote the *industries, prosperity and growth* of the whole country.

This declaration made revenue the incident and protection the distinctive party creed. This declaration was reaffirmed in 1876 and 1880, and somewhat broadened and made more specific in the platform of 1884, which declared:

It is the first duty of a good government to protect the rights and *promote* the *industries* of its own people. The *largest diversity* of industry is most productive of general prosperity. . . . We, therefore, *demand* . . . duties on foreign imports, *not for revenue only* but . . . so levied as to afford security to our diversified industries.

Notwithstanding the fact that its candidate was defeated in the presidential election of that year, the Republican party did not in the slightest degree depart from the principles of the protective system, for in 1888 it declared in its platform:

We are uncompromisingly in favor of the American system of protection. We protest against its destruction as proposed by the President [Mr. Cleveland], and his party. They serve the *interests* of Europe; we serve the interests of America. We accept the issue and confidently appeal to the people for their judgment.

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In 1892 it "reaffirmed the doctrine of protection," and although overwhelmingly defeated at the polls, four years later in 1896 under the leadership of William McKinley it declared: *1892.*

> We renew and *emphasize* our allegiance to the policy of protection as the *bulwark* of American *industrial independence* and the foundation of American *development* and *prosperity*.

This positive declaration was reasserted in 1900, and again in 1904, when the party declared:

> Protection which guards and develops our industries is the *cardinal policy* of the Republican party. We insist upon the maintenance, etc.

In 1908, notwithstanding it advocated a revision of the tariff, in some respects its platform contained a more positive and radical pledge in favor of the protective system than had ever before been incorporated in any of its previous declarations. It said:

> In all tariff legislation the true principle of protection is . . . such duties as will *equal* the *difference* between the cost of production at home and abroad, *together with a reasonable profit to American industries*.

The platform, in order to emphasize its position, further declared that

> The aim and purpose of the Republican party being not only to *preserve* without excessive duties, that *security* against *foreign competition* to which American *manufacturers, farmers* and *producers* are entitled, but also to maintain the high standard of living of the wage earners of this country who are the most direct beneficiaries of the protective system.

The platform of 1908, as we have said, went further than any previous declaration of the party when it declared that the "American manufacturers, farmers and producers *are entitled*" to that degree of protection which will secure "a *reasonable profit* to American industries." *1908.*

President Taft in his Indianapolis speech on July 4 entirely eliminated this guarantee of a reasonable profit to our industries in the following words:

> The Republican party in its last national platform declared in favor of tariff duties which would measure *only* the difference in the cost of production at home and abroad. *A new construction.*

This completely alters the platform by omitting one of its most important pledges. That President Taft then had in mind the commission of the Republican party to a policy based on new principles is shown by his concluding remarks:

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In other words, the sound Republican doctrine *has become* the imposition of duties *only* where the conditions are naturally unequal and where duties are *necessary* to enable our manufacturers and other producers to *meet* on a level the competition of foreign producers.

The words "has become," as used in this statement, indicate that the President believed the Republican party had changed its attitude towards the protective system; and the further declaration that the duties imposed should be such as would compel our domestic producers to meet their foreign rivals on a competitive level, is the announcement of an entirely new doctrine. One of the great purposes of the protective system is to raise our industries above the foreign level of wages and cost of production so that they may have vigor, strength and independence, and to enable the manufacturers to grant increases in wages to their employees as they may be required, and so insure a higher and better mode of living. The President's declaration seems to be in perfect harmony with the essential principle of the system of downward revision which favors the reduction of duties to a competitive basis.

Mr. Taft seems unaware of the fact that the efforts of our greatest statesmen, from the time of Washington to the present day, have been directed toward preventing the very result which he would welcome, namely, that the people of our country should be compelled "to meet on a level the competition of foreign producers." It should be the constant aim of all patriots that our own people be placed upon a higher level of wages, a higher plane of material welfare and brought to a higher stage of civilization than have been reached anywhere else in the world. The fulfillment of this aim stands to-day undisputed, and is the proud record to which all protectionists point with pride.

Downward Revision.

Principles of the system.

The plan for a revision of the tariff advocated by those who style themselves downward revisionists has been so developed that we are able to place, in concrete form, the principles upon which it is based.

The term "Downward Revision," chosen to designate the plan and to differentiate it from protection and free trade, is expressive of the system. Its principles and purposes are as follows:

First. That duties on competing imports are to be reduced to a point which will invite importations and throw our industries into competition with foreign rivals.

Second. That all restrictive duties are to be eliminated.

Third. That protection shall be denied to all new industries. No more infant industries are to be established by protection.

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Fourth. That duties shall not be increased to enable American manufacturers to produce any part of the over $750,000,000 worth of fully and partly manufactured goods which are now being imported.

Fifth. That there shall be free trade in farm products and raw materials.

Sixth. That by "reciprocity" treaties some industries are to be sacrificed in order that others may extend their sales abroad.

Seventh. A surrender of a part of the home market.

Eighth. That the industrial life of the people of the United States shall be reduced toward the level of the rest of the world.

COMPETITIVE DUTIES.

It is now in order to subject the foregoing propositions to a critical analysis, and point out the definite respects in which they differ from protective principles.

Competitive duties.

The propositions that competitive duties shall be imposed and all restrictive duties abolished may be considered together.

A duty which is so high on a particular article that it prevents its import, is prohibitory. This fact does not necessarily indicate that the domestic article which is being protected is sold in the home market at a price which secures to the domestic producer an unreasonable profit, nor that it nourishes monopoly. If the cost of producing and marketing a yard of cloth by A, an American manufacturer, was precisely 1¾ cents more than similar cloth could be produced in Lancashire by B, and sold in our market at a profit, a duty of 2¼ cents a yard would be fully protective, or prohibitory, if you choose to call it so. The free trader, the progressive, the "moderate protectionist," would say that the duty was "excessive" and "unnecessary." Given a higher production cost of 1¾ cents a yard, the duty of 2¼ cents a yard is fully high enough. It enables the American to pay the American rate of wages, successfully engage in its manufacture, and realize a fair profit on his investment. This is adequate protection. It is neither too high nor too low, according to protective principles. The downward revisionist condemns such duty because it is prohibitory, and advocates reducing it to a competitive point; that is, to a point which will enable B to come into our market and offer his cloth for sale at a profit by the side of the cloth of A. So the duty is reduced to 2 cents per yard. Under this reduction of ¼ of a cent per yard, prices and conditions remaining the same, the American market is opened to the cloth of B. But A, under the 2¼ cent duty, had been supplying the entire home market. When the foreign trade comes in, A must do one of two things; he must either surrender a

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What it leads to.

part of the home market to his foreign rival or he must make less goods himself. To do this he must discharge a part of his laborers. Thus prices would remain the same as before. The market would be divided; no benefit would accrue to the consumer; the whole loss would fall on the discharged mill hands.

But the American market has been opened to the B class. The duty of 2 cents per yard has as effectually opened the American market to his cloth as a lower duty would have done, and year by year his exports increase and he gradually gains a larger part of the American market. So A's business declines, and he must discharge more mill hands and still further diminish his output. Another effect of such competition is to discourage C, D and E from erecting mills and engaging in the business in the United States. Competition grows more intense. A sees his customers taken away, his business wasting, a part of his machinery idle, and his investment imperiled. A, desiring to rehabilitate his business and to regain the whole of the home market, finally adopts the only means by which this can be accomplished, that is, by reducing the wages of mill hands. His cost of production now becomes so low that under a duty of 2 cents per yard he can drive B from the American market and get the whole trade. His old mill hands are put to work; his machinery is set in motion; but the result has been a reduction in the wages of American laborers and a loss of income. The duty of 2 cents now excludes the foreign rival from the market and has become prohibitive. It is, as the free traders would call it, "a Chinese wall." The manufacturer is called a monopolist, and the tariff reformer insists that the duty must be reduced to a revenue basis and protection denied to the domestic mill hands altogether. The downward revisionist declares that the duty, having again become prohibitory, must be lowered. It is now reduced to 1¾ cents per yard, and foreign competition sets in again. The American manufacturer again reduced wages, holds the market, and this duty becomes prohibitory. So the policy of extinguishing prohibitory duties, carried to its logical end, would destroy every vestige of protection and lead surely to a tariff for revenue only. This problem has been worked out and fought out over and over again between protectionists and free traders in every tariff controversy for ninety years. Here we have the entire scheme of the downward revisionists to abolish restrictive duties and so fix them that competition will be preserved between our home industries and foreign rivals. It should be noted that the proposition to abolish excessive duties, or those which are higher than are necessary to secure adequate protection, presents quite a different question. The protectionists have never contended for "excessive" duties. Restriction does not call for excessive duties; it simply calls for duties which preserve to our domestic industries and labor the entire home market and enable our

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domestic manufacturers to pay the American wage rate and maintain the American standard of living. To find the exact dividing line between excessive duties and duties which secure adequate protection has always been difficult. In the first place conditions are constantly changing, prices of raw materials fluctuate, and a duty which is neither too high nor too low may vary one way or the other from the standard next year. Protectionists, in fixing rates in order to be sure to guard and foster our own industries, always endeavor to resolve the doubt in favor of Americans. Neither are protectionists alarmed over duties which become higher than is necessary to secure full protection, because experience has proven that the prices which the producers receive are based on domestic cost of production. No better proof of this fact can be found than the statement made by the Tariff Board that the medium grades of woolen cloth made in American mills are sold by the manufacturers at prices 67 per cent above the foreign valuation, although the duty is equivalent to 184 per cent on such valuations, and the wages paid at home are more than 100 per cent higher than are paid in England for making the same kind of goods.

Restrictive duties.

The difference between restrictive duties and excessive duties is so well defined that the two should not be confounded. Duties which restrict imports of foreign articles and secure to domestic industry and labor the entire home market afford adequate protection. They are protective duties. Duties below the point of restriction are competitive duties. Duties which are fixed above the exact point of restriction are "excessive" or "unnecessary." Competitive duties divide the home market between the foreign and domestic producers, and to the extent which foreign goods or products, the like of which could be produced at home, flow into the American market, American labor is deprived of employment. So duties fixed at the competitive point diminish the employment of American labor, force reductions in American wages, reduce the American standard of living, and are hostile to the protective principle.

Again, by inviting foreign competition in competing commodities the most powerful agency will be introduced for the destruction of small concerns and the concentration of business in the hands of a few large ones possessed of abundant capital and competitive strength, and also having the power to depress wages and make small profits on an enormous output. Under a downward revision of the tariff it is absolutely certain that the loss must fall on the wage earner. The so-called trusts, the large concerns, will not surrender profits and forego dividends in order that old wage rates may be continued. They will maintain their profits and dividends at all hazards. The loss will fall on the wage earner.

Before entering upon such policy we should ask ourselves the question: Shall we employ American labor, or foreign labor? Shall we buy from those who employ American labor, or shall we patronize those who

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employ aliens? Every dollar we expend in buying foreign-made merchandise results in economic waste and national loss.

Every competitive duty invites an invasion of the home market, and a policy which permanently maintains them is contrary to the protective principle which makes the home market the very foundation of the whole protective system.

The Home Market.

The protectionist's view

There is, perhaps, no point upon which protectionists and free traders differ more radically than in their notions with regard to the domestic market. The protectionists consider the domestic market to be the instrument by which national integrity is insured. It offers the premium which makes industrious and orderly citizenship worth while; for it is to the citizen the medium of exchange through which the talents of his mind and energies of his body pass into products, and so furnish him with the necessaries and even luxuries of life. To the protectionist, the integrity of the domestic market, and its entire devotion to the work of coining mental and physical effort in lawful and orderly ways into those products which stand between the people and physical distress, is of the very highest importance. It differentiates almost entirely the civilized from the barbarous community; the community in which the most valuable thing in the world is man, from the community in which the cheapest thing is human life. In short, to the protectionist the condition of the domestic market is the condition of the people who depend upon it. If the domestic market is kept sacred and secure to domestic employment, the people are secure from the plundering of the outside world and its piratical bargaining; but if it is abandoned to the mercies of international traders, the people who depend upon it are likewise abandoned to the world. A secure domestic market means independence and freedom for its people, but an open domestic market means dependence and slavery. To the protectionist it is the nation's business, and not that of any individual, to see that the domestic market for every form of product is amply protected. Viewed from the broad standpoint of national economy, no manufacturer or group of manufacturers can be allowed to say whether or not the domestic market shall be secured for the product of their factories. It is not so much the manufacturer's business as it is that of the whole people to see that the demands of the nation shall be exclusively for domestic manufactures in order that domestic labor employed in the factories may be continued to be so employed, and, therefore, not driven either to crowd workers from other employments, and so increase their dependence and lessen their freedom, or to disorderly lives in their strug-

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gle against want. Protective tariffs are not properly to be regarded as mere favors to producers, but as measures to promote industrial employment, and, therefore, public order, national growth and independence.

The free trader's view.

On the other hand, to a free trader the domestic market is not an instrument to assure individual probity and national integrity, but merely his legitimate spoil. It is his victim. Its present wealth is his opportunity to turn it to his private profit. Its overflowing industrial employment is the merchandise which he claims the natural right to buy at the cheapest price and hawk about the world and sell at the highest price. He claims the right to the largest profit he can realize from letting to foreign farms and factories the food, clothing and general furnishing contracts for the nation, which he, at the moment, is either himself plundering or helping others to plunder; and he makes his appeal to the ignorant by contrasting the figures for these things given by domestic contractors who operate through the domestic market, with the figures he offers as the representative of contractors abroad; and the ignorant, not seeing that the thing which the free trader is thus hawking abroad is their own employment, without which they must become children of charity, are thus led to abandon the domestic market to the free trader and themselves to the slavery of want. This fact is so apparent that the protectionist wonders why the arguments of the free trader are ever taken in good faith. The price which the people must pay for the free trader's goods is their own employment, up to the last cent's worth they buy of him; for the domestic market is merely the place where the people exchange employments for products, and to give it up to foreigners is to give up domestic employment.

High Tariffs and Prosperity.

Protection and prosperity.

The history of the subject shows that a high protective tariff brings to the people more satisfactory industrial conditions than a low tariff; that as tariffs have ascended in degree of efficiency to exclude competing imports and secure to domestic industry and labor the home market, we have achieved our greatest results both as a nation and as individuals. On the other hand, as tariffs have been reduced and descended toward the free trade basis, the nation has declined, and the struggle for existence has become more intense, and conditions have been made more unendurable. It has been under the highest tariffs ever imposed that our foreign trade has been the largest and made the greatest progress. Whether considered by separate industries or taken as a whole, our domestic industries have been the strongest, most healthy, most vigorous, and have experienced the greatest growth when the tariffs have been the highest. It has been under the highest tariffs that labor has been the most fully employed,

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has become the most independent and has secured the only advances in wages that have ever been gained. It has been under the highest tariffs that domestic competition has been incited to its greatest activity. It has been under our highest tariffs that we have enjoyed the greatest activity. It has been under our highest tariffs that we have enjoyed the greatest prosperity, and the people have increased their accumulations, and, as we might say, made their money. During our whole history our industries have never broken down under a high tariff. The depression following the panic of 1873 is the only period of hard times we have ever experienced under high protection. It has been shown that this panic was caused by scaling the country down from an inflated paper currency to a gold basis, but the protective tariff shielded our industries from foreign competition, preserved our home market, and enabled the people to sustain great financial losses, and finally carried them through and forced a return to stable business conditions. It has been under high tariffs that new enterprises have been projected and resources have developed to the greatest productive extent. All periods of industrial and commercial distress which have visited our country have flowed directly from a departure from high tariffs. As our protective tariffs have been reduced our industries have become weak and sickly; wages have been reduced to the starving point, and the land has been filled with the idle and destitute. Every departure from adequate protection is a step in the direction of this deplorable condition. High tariffs have been the pivots upon which the people have been turned from poverty to wealth. Low tariffs have been the pivots upon which the people have been turned from growth to decay. Are we, by the abandonment of high tariffs, to effect the transition from full employment to partial employment; from a full home market to a partial home market? Are we to adopt a policy so condemned by all experience at the expense of future safety?

The industrial pivot.

The Logical End.

A downward revision of the tariff, having for its distinct purpose the imposition of competitive duties and the elimination of all restrictive duties, would be destructive of protection. This ill-omened policy would halt the nation in its career of prosperity, turn it squarely about and send it on the road which leads directly to national disaster. The inevitable consequences must be a surrender of a part of the home market; a reduction of wages; a leveling of our industrial life down towards the Old World. Carried to its logical end it would overthrow the protective system and place the nation on a free trade basis.

Hostility to protection.

A downward revision effected by eliminating all restrictive duties

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and establishing competitive duties would so diminish the production and incomes of the people that it would cause a depression in every branch of business. To appreciate its widespread effect it must be considered in its application to every one of the thousands of articles now made in our factories which would be brought directly into competition with similar articles made abroad. Under this system, although our industries would not at once be destroyed, yet competing imports worth hundreds of millions of dollars, or billions of dollars, would flow into the American market, displacing domestic articles. This could only be prevented by reducing wages, resulting in loss of income and purchasing power of the spendable income of the people. Moreover, the adoption of such a policy would be in effect a declaration to the world not only that there should be no more wage increases, but that the wage rates of labor had reached their highest point in America, and now they must be reduced. Are the people of the United States to accept this ill-considered, hastily formulated tariff system as the settled policy of the nation?

BUILD FOR THE FUTURE.

The third and fourth propositions are so related that they may also be considered together.

Infant industries.

The third proposition, that protection shall be denied to infant industries, as a part of the plan, is inferable from the fact that protection was denied by the Payne-Aldrich law to a new industry for the manufacture of women's gloves, and from the declaration that the revision of our tariff must in all things be a "downward revision." It cannot be questioned that the protective system requires that as conditions change and discoveries and inventions appear, new industries which arise should be established, developed and fostered by protective duties.

One of the purposes to be accomplished by a revision of the tariff, as asserted by the revisionists, was to "equalize duties." This expression was well understood by protectionists to mean that those duties which were higher than necessary to afford adequate protection were to be reduced, but not to below the protective point; and those which were not high enough to secure the production in American mills of articles similar to those which were being imported, were to be increased in order that, as our population increased, our industries would be ever expanding and new avenues for the employment of labor be created. It was known that fully and partly manufactured commodities, many of which might under adequate protection be made in the United States, largely of the finer and more expensive grades and amounting to over $650,000,000, were

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Competing imports.

being imported when the Payne bill was being prepared. The importation of cotton manufactures had reached $61,902,000; woolen goods, $18,000,000; sugar, $92,000,000. In fact, the importations included articles embraced within each of the tariff schedules of the Dingley law, as shown by Table 13, page 636. A strict adherence to the principles of sound protection would have required a material increase in duties. Had this been done, it has been estimated that articles similar to those then being imported to the value of about $400,000,000, would soon be manufactured in the United States, giving employment at good wages to thousands of American laborers. Sound protectionists object to the abandonment of that economic policy under which our industries have expanded, new avenues of employment have been created, wages have increased and a glut in the labor market has been prevented.

Looking ahead.

Is there any indication that we can with safety diminish our industries and close any of the doors of opportunity to our people? What changed conditions have made it advisable to import more foreign commodities and produce less at home; to employ more foreign labor and less domestic labor? If we are to be guided by our experience as a nation and the admonitions of our great constructive statesmen, our future policy is unmistakable. That we must provide for a constantly and rapidly increasing population and meet the natural desires and requirements of an ambitious, active and enterprising people, should be known to all. Is the neglect of such opportunities to be the permanent policy of the nation? If so, the time is not far distant when its importations of competing manufactures will reach $2,000,000,000 annually, and the expansion of our domestic industries will not keep pace with our growth in population. Our population will reach 200,000,000 souls within the lives of many now living. Are we to look ahead and make provision for the future, or are we to rest in fancied security and leave future generations to care for themselves? Dingley, looking ahead, so legislated that the laborers of a population of 90,000,000 have been fully employed.

We must look ahead and build for the future. It is not so much a question of the full employment of 90,000,000 people as it is the employment of 200,000,000. The moment we cease our regard for the future, that moment we will begin to decay. It is not of so much importance that we now have 50,000,000 sheep as that within the near future we have 100,000,000. We must look ahead to the production of 1,200,000,000 bushels of wheat, instead of 600,000,000; to farm products valued at $20,000,000,000, instead of $8,000,000,000. How can we make an acre of land yield twice as much as at present? How can we make two blades of grass grow where one grew before? How can we insure that the wages of our labor shall be increased instead of reduced? How can we aid our

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cotton, woolen and textile manufacturers to increase the wages of their employees? It is not so much a question of increasing our sales abroad as it is to increase our markets at home. These ends can be accomplished only by maintaining and strengthening our protective system. A downward revision of the tariff has for its end the neglect of our own resources and the development of those of foreign countries.

It is one thing to build up a country, and it is quite another thing to be building it all of the time. For a nation to neglect its industries is like a farmer who suffers his land to go out of cultivation, his buildings to decay, and his farm to run down.

There is one important fact which should not be ignored. If protection is to be preserved it must be maintained as a whole. Our protective policy is the growth of a hundred years. It has been formulated by our greatest constructive statesmen and economists, from Hamilton to Dingley. Every phase of it has been carefully weighed and tested. That protection must be given to all industries alike, that all may prosper alike, is a maxim which, by its observance since 1860, has made possible not only the preservation of the protective system itself, but has brought about that diversification of industries which has made the United States the greatest manufacturing, mining, agricultural and commercial nation in Christendom, and its people the most prosperous and independent of any the world has ever known. To withdraw protection from agriculture, or from raw materials, or to sacrifice one industry that another may be promoted, would tear the whole fabric of protection into pieces. Why should one industry at a time be selected for execution? In fact, why should one of them be ruined at all? The adoption of such a policy would plunge the whole country into an industrial, factional warfare which would never cease until the last remnant of protection was stripped from every industry.

Unity of interests.

Principles, and Not Individual Opinions, Should Rule.

The plan for a downward revision of the tariff is a most dangerous assault on the protective system. In the first place, so much has been said by the leaders of the movement against some of the most essential principles of protection that it has tended to discredit and bring the whole system into disrepute. Again, the downward revisionists avow friendship for the cause of protection; assert that they are "moderate" protectionists and believe in "reasonable" or "fair" protection, using adjectives which have no defined meaning in tariff phraseology. What would be fair and reasonable protection rests wholly upon individual opinion. What would be regarded as fair protection by one person would be regarded as

Deceptive words.

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no protection at all by another person. A policy which is involved in such uncertainty, and is so incapable of being defined or understood, and which rests so much upon individual opinion as to what it means, and may be only slightly harmful when executed by those who have a sincere friendship for our industries and labor, becomes most destructive in the hands of those who believe that the welfare of the nation can best be promoted by foreign instead of by domestic trade, and who place the foreign market above the home market in importance.

An idealist.

An analysis of the speeches, interviews and public acts of President Taft shows that from his standpoint he believes the welfare of the American people can best be promoted by the downward revision plan as above set forth. He is not a believer in free trade or in the tariff-for-revenue-only policy of the Democratic party; neither is he a sound, consistent protectionist. He may be styled an idealist, and he undoubtedly believes the system of industrial protection can be so modified as to conform to his views as to what a perfect tariff policy should be. He has shown by his vetoes of the Free List bill, the Wool and Woolen bill and the Cotton bill, passed by the present Democratic Congress, as well as by his utterances, that he was opposed to a reduction of duties on those commodities to a point which would injure the industries involved. Yet by depriving the American farmer of protection, as was proposed by the Canadian agreement, his own plan of retaining "moderate" protection to those industries was imperiled; for the American farmer will not approve a policy which discriminates against his interests. It is to the lasting credit of the leading manufacturers of the country that they opposed the proposed free trade in farm products, not only on the ground of its unfairness to our agricultural producers, but because of the wise conclusion that the policy of protection cannot long survive the withdrawal of protection's benefits from American farmers. This is a phase of the question that seems to have been wholly overlooked by President Taft and the Republican supporters of the Canadian agreement.

Led astray.

For more than six years the leaders of the Republican party have been surrendering vital principles in the hope of pacifying a disordered and misguided public sentiment. Instead of bringing security and tranquillity to the business of the country, this policy has had the effect not only of discrediting the protective system, but of stimulating and inciting a formidable and dangerous movement against the vital interests of the people. The Republican party cannot longer with safety pursue a halting, temporizing policy. It should go before the people with an aggressive platform, declaring for the protective system as advocated by its founders and those great leaders whose guidance has made it the most illustrious political organization of our history. It should boldly and unhesitatingly declare that:

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We favor the protection of all American industries alike, that all may prosper alike.

We favor such protective tariff duties as will maintain our industries in a vigorous, healthy and prosperous condition.

A sound platform.

We are in favor of such tariff duties on imports as will adequately protect American labor and industries from foreign competition, to the end that to the largest practicable extent this Republic shall do its own work.

In order to provide opportunities for the employment of our constantly increasing population the American protective tariff system should be one which will insure ever-expanding industries, unfailing employment for labor, and higher standards of wages and living.

We are opposed to any system of tariff duties having for its object an increase of foreign competition with the products of American labor and industry in the American market.

It is only by an adherence to these principles that the United States will fully round out its industrial career and embrace the production of the most delicate and beautiful articles and fabrics and advance to the highest stage of the industrial arts, and become in all respects the greatest manufacturing and commercial nation in the world.

Public Sentiment.

But it is said that the overthrow of the protective system is demanded by public sentiment, and that the Republican party should surrender its most cherished principles to avoid defeat. This doctrine sounds strange to life-long Republicans, for the Republican party was built upon great governmental principles and policies, for the triumph of which it has risked its great battles, defended them in victory and defeat, and stood forth as a moulder and director of public opinion for more than half a century. When public sentiment is sound it commands obedience; when it is in error it should be corrected.

When to be obeyed.

When public sentiment crystallizes into the form of well-defined political principles and carefully framed party policies, the product of thoughtful and mature consideration, and when that sentiment finds expression in a clear and unmistakable declaration of party doctrine, then that public sentiment should and must control the action of men elected to office under and by virtue of the belief and doctrine of the successful party. Under such conditions public sentiment is the supreme arbiter. Its decrees may not be disregarded or antagonized. Quite a different thing, however, is that so-called public sentiment which is a momentary

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ebullition of prejudice and passion born of misinformation and misrepresentation. Such a public sentiment, as our country has many times discovered, is an unsafe guide for the action of those entrusted with the grave responsibilities of governmental administration.

When to be combatted.

An apparent change in public sentiment upon vital questions of public policy, especially when it indicates a departure from long-established principles which have worked well and which have been approved by concededly wise and eminent statesmen, should be construed with great care by those having the welfare of the Republic in keeping, and be encouraged and fostered only upon the most profound analysis of the causes which give it inspiration and upon the sincere conviction that the end to be attained is the permanent welfare of the whole people. The Greenback party, during the business depression which followed the war, and the free-silver frenzy which imperiled the financial integrity of the country in 1896, were both formidable manifestations of public sentiment which received such encouragement from political parties that they gained a degree of strength that made them become national perils—all because they had been temporized with and encouraged by political aspirants for office. They were only checked by the courageous action of those statesmen and citizens who had the courage to defend sound and long-established financial doctrines and principles.

The downward revision program is a policy calculated to assuage irritations and to conciliate opposition by sacrificing principles. It may triumph for a short time, but the end will be a return to sound protective principles, for it will destroy industrial stability and produce a reaction in public sentiment in favor of protection. Free trade has more than once crushed agriculture and sapped the foundation of our manufacturing industries. Discontent cannot be permanently appeased by multiplying the causes which are sure to bring about more discontent. It is much cheaper to appease disordered minds by promising a temporary relief than it is to correct erroneous opinions and to combat prejudices by rational arguments.

Protection Need Not Fear Public Sentiment.

The second sober thought.

The protective system has been the most potent influence for maintaining and nourishing industries that has yet been devised. It was founded by our ancestors, and no political power has since arisen which could accomplish its extinction. Following every attempt at its overthrow it has revived and spread to new fields and gained more permanent strength. It is so interwoven with individual prosperity and well-being that to assail it is to attack the homes and firesides of the people. Is an institution which has withstood the political shocks of a century, and is

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now more universally accepted than at any time in the world's history, to be abandoned by that people who have reached an eminence under its beneficent influences which surpasses all other industrial achievements known among men?

The right must prevail.

It is the cause of the people; it is the bulwark of their industrial independence and the very basis of their progress and prosperity. It cannot be permanently destroyed. The strongest and most deeply rooted convictions of the people cannot be eradicated. The ambitions of the most enterprising and industrious people on earth cannot be stifled. The political controversies of generations cannot be forgotten. The lion will not lie down with the lamb nor the serpent nestle with the dove. The people will not long be dominated by the hallucination that we can have high wages and low prices at the same time; that we can import goods from abroad and at the same time make them at home. The passion for a change has been appealed to and incited to a fervid heat with little warning of the perils of such innovation. Has there been discovered a single example in the industrial history of nations to justify the abandonment of those economic principles which form the basis of our national growth and prosperity? No, not one, for none exists.

From 1894 to 1897 the country was filled with unemployed capital on the one hand, holding aloof from investment, and millions of idle labor on the other hand seeking in vain for work. The very object of capital to find opportunities for profitable investment and the efforts of labor to obtain work were defeated. Our whole industrial structure was thrown out of balance. The country was filled with money, but it was not in circulation; it was filled with labor which was idle; it was rich in resources, but they were forbidden to be touched. Ruin stared the whole nation in the face. The Gorman-Wilson law had decreed that we must engage foreign capital to promote industries and foreign labor to perform the work, because the products of such capital and labor could be had cheaper abroad than at home. The Dingley law restored the home market and reunited our capital and labor. For fifteen years the two have worked and grown together, and by mutual support and aid, agriculture, manufacturing, mining, trade and commerce have expanded in an unparalleled ratio. The Dingley law banished idleness and ushered in a period of industry and prosperity such as no people have ever enjoyed in the history of nations. Is the fatal blunder of 1894 to be repeated before the insolvents and destitutes of that calamitous time have gone to their graves? It is most amazing that a single statesman, financier, economist or citizen who passed through the dire experience of the Gorman-Wilson period should remain silent while witnessing our industries again being led to the slaughter and our laborers to idleness and want.

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TABLE No. 13.

VALUES OF LEADING ARTICLES OF IMPORTS ENTERED FOR CONSUMPTION IN THE FISCAL YEARS 1909, 1910 AND 1911.

DUTIABLE ARTICLES.

ARTICLES	1909 Values	1909 Average ad valorem rate of duty	1910 Values	1910 Average ad valorem rate of duty	1911 Values
	Dollars	*Per cent.*	*Dollars*	*Per cent.*	*Dollars*
Sugar and Molasses:					
Molasses and syrup, refined	917,285	16.28	1,400,928	16.30	1,053,527
Sugar	92,461,735	60.80	100,057,829	52.78	96,589,371
Total	93,379,020	60.36	101,458,758	52.27	97,642,898
Wool, etc., and manufactures of:					
Wool, unmanufactured	34,757,909	49.14	47,687,293	44.31	29,572,258
Manufactures of	18,049,332	90.20	23,049,644	90.12	18,791,075
Total	52,807,241	63.18	70,736,937	59.23	48,363,333
Cotton, manufactures of:					
Thread and yarn	3,765,365	31.06	4,800,128	31.59	4,747,759
Cloth	10,499,287	37.42	9,681,845	42.12	8,832,513
All other manufactures of	47,638,009	58.70	53,466,619	60.75	50,690,620
Total	61,902,662	53.41	67,948,593	56.04	64,270,892
Tobacco, and manufactures of:					
Leaf	23,435,963	85.28	25,460,231	81.11	25,334,813
Manufactures of	3,896,074	84.25	4,121,236	84.30	4,453,364
Total	27,332,037	85.13	29,581,468	81.55	29,788,177
Fibers, vegetable, and textile grasses, and manufactures of:					
Unmanufactured	3,220,683	11.39	4,707,162	10.22	3,606,042
Twine, threads, and yarns	717,909	40.36	1,010,484	37.56	1,018,034
All other manufactures of	46,447,277	38.28	55,724,267	38.69	51,674,284
Total	50,385,869	36.59	61,441,913	36.50	56,298,360
Silk, and manufactures of, not elsewhere specified:					
Spun silk, or schappe silk yarn	3,507,737	38.07	5,054,174	38.48	7,894,840
Fabrics woven in the piece	11,162,269	55.97	9,861,217	56.97	9,218,314
All other manufactures of	15,799,686	54.40	18,169,345	55.60	14,852,470
Total	30,469,693	53.09	33,084,736	53.39	31,965,624
Spirits, wines, and malt liquors:					
Malt liquors	3,284,883	54.55	3,287,352	61.67	3,423,719
Spirits, distilled	7,438,044	118.41	7,227,840	126.12	6,114,225
Wines	11,132,549	45.36	13,396,634	48.24	9,008,076
Total, incl. other beverages	21,855,477	71.60	23,911,827	73.63	20,033,401
Iron and steel, and manufactures of, not elsewhere specified:					
Pig iron	2,954,064	12.17	6,182,233	9.93	5,481,163
Manufactures of	18,228,323	42.87	31,371,165	37.49	32,119,752
Total	21,182,387	38.59	37,553,398	32.95	37,600,913
Fruits and nuts, n.e.s	16,888,801	36.55	21,229,071	39.70	21,843,212
Chemicals, drugs, dyes and medicines, n.e.s	31,785,584	23.14	30,918,798	23.41	32,614,967
Earthen, stone, and chinaware	10,096,954	58.65	11,183,974	58.54	11,431,650
Total	.....	.....	.....	.....	64,889,829

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TABLE NO. 13—*Continued.*

ARTICLES	1909 Values	1909 Average ad valorem rate of duty	1910 Values	1910 Average ad valorem rate of duty	1911 Values
	Dollars	*Per cent.*	*Dollars*	*Per cent.*	*Dollars*
Leather, and tanned skins, and manufactures of:					
Leather, and tanned skins	5,346,493	17.85	7,557,227	13.37	5,544,438
Manufactures of	8,346,803	48.07	9,142,710	47.42	9,389,805
Total	13,693,296	36.27	16,699,937	32.01	14,934,245
Wood, and manufactures of, n.e.s.	31,980,328	12.61	38,080,374	11.42	35,657,881
Feathers, etc., natural and artificial.	11,619,792	33.44	12,043,594	35.79	9,786,390
Paper, and manufactures of:					
Books, and other printed matter.	6,986,274	21.88	5,979,974	26.64	6,004,926
Papers	5,285,524	26.62	5,701,972	29.22	6,702,941
All other manufactures of	1,837,841	32.52	2,618,993	33.67	2,518,828
Total	14,109,639	25.04	14,300,940	28.96	15,226,828
Diamonds and other precious and semi-precious stones, and imitations of, n.e.s.:					
Diamonds, not set	19,278,864	10.00	29,466,595	10.00	29,579,257
All other	4,868,259	11.70	7,708,789	11.91	1,545,021
Total	24,147,123	10.34	37,175,385	10.40	31,124,269
Glass and glassware, n.e.s.	4,837,746	54.05	6,210,134	53.83	6,639,141
Meat and dairy products, n.e.s.	6,605,893	34.56	9,043,187	30.97	11,261,638
Metals, metal compositions, and manufactures of, n.e.s.	5,809,356	42.07	6,703,775	40.90	7,591,114
Furs, n.e.s., and manufactures of.	9,196,008	21.70	10,429,939	25.32	8,058,688
Vegetables	12,597,175	39.38	8,108,503	31.46	9,266,094
Oils, n.e.s.	7,629,192	30.53	7,843,851	31.02	12,207,223
Breadstuffs, n.e.s.	7,966,139	32.65	7,305,468	33.00	11,529,802
Toys	4,860,016	35.00	6,628,683	35.00	8,158,625
Fish, n.e.s.	10,524,096	18.71	11,667,526	19.00	12,915,830
Carriages, other vehicles, and parts of:					
Automobiles, and parts of	3,375,570	44.98	3,758,412	44.97	2,019,888
All other	64,223	44.82	138,131	44.83	177,459
Total	3,439,793	44.98	3,896,544	44.97	2,197,347
Hats, bonnets, and hoods, and materials for	5,528,436	23.20	7,443,074	22.66	7,206,969
Seeds, n.e.s.	2,180,218	21.65	10,078,866	16.49	23,202,881
Rice	4,562,620	36.01	4,163,112	35.03	4,002,444
Matting and mats	3,370,600	40.57	2,574,836	47.77	1,978,202
Jewelry	846,601	59.64	1,586,833	73.23	1,776,254
Animals, n.e.s.	2,682,917	25.23	4,103,116	25.25	3,491,029
Oilcloths, linoleum, and all similar fabrics	1,909,339	51.56	1,845,040	51.86	2,070,747
Clocks and watches, and parts of.	2,540,176	37.49	2,634,269	35.58	3,126,917
Aluminum, and manufactures of.	314,326	52.46	1,865,075	47.48	1,016,019
Coal and coke, n.e.s.	435,603	18.30	5,001,998	15.68	5,558,925
Marble, oynx, and stone, and manufactures of	1,570,311	42.82	1,938,391	40.42	1,788,076
Gold and silver, manufactures of.	913,207	44.80	1,596,769	49.00	1,826,238
Perfumery, cosmetics, and toilet preparations	1,423,905	57.40	1,208,778	63.98	1,636,170
Brushes, leather dusters, and hair pencils	1,435,879	40.00	1,744,557	40.00	2,150,334
Lead, and manufactures of:					
Lead bearing ore	119,158	68.83	145,426	63.12	164,931

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TABLE NO. 13—*Continued.*

ARTICLES	1909 Values	1909 Average ad valorem rate of duty	1910 Values	1910 Average ad valorem rate of duty	1911 Values
	Dollars	*Per cent.*	*Dollars*	*Per cent.*	*Dollars*
Bullion, and manufactures of..	593,327	86.37	664,572	86.72	558,103
Total	712,485	83.44	809,998	82.48	723,034
Clays, or earths, n.e.s.....	1,703,752	32.98	1,919,028	34.37	1,935,397
Beads and bead ornaments.....	607,965	54.40	1,222,477	53.63	1,157,151
Zinc, and manufactures of:					
Zinc in ore.....	394,514	20.00	668,475	55.64	391,872
Manufactures of.....	218,576	32.95	853,751	32.39	271,595
Total	613,090	24.62	1,522,226	42.60	663,467
Pipes and smokers' articles.....	936,136	59.52	1,109,184	58.01	1,175,530
Musical instruments, or parts of, etc.	1,276,385	45.00	1,365,780	45.00	1,568,187
Paints and colors.....	1,687,401	30.93	1,915,148	30.70	1,693,631
Plants, trees, shrubs, and vines..	1,971,768	26.70	2,342,428	23.95	2,695,118
Buttons, or parts of, etc., n.e.s....	702,353	51.18	1,008,819	53.56	725,348
Hops	1,335,299	66.36	1,492,779	33.66	2,700,762
Explosives	898,608	56.81	1,002,961	45.09	647,771
India rubber, gutta-percha, etc., manufactures of.....	1,495,162	30.62	1,324,837	33.06	1,043,960
Hay	58,891	43.74	775,263	49.93	2,545,913
Bronze, manufactures of.....	689,578	42.36	862,128	42.97	761,202
Cork, manufactured	1,102,426	21.23	1,551,619	20.47	2,389,745
Hair, n.e.s., and manufactures of.	1,264,941	26.84	1,008,508	30.76	647,446
Bristles, sorted, bunched, or prep'd	2,469,490	8.53	3,127,172	9.41	2,879,295
Photographic goods	121,880	25.00	1,185,909	24.67	1,346,420
Mica, and manufactures of.....	409,742	35.47	768,435	37.57	612,780
Hides of cattle, n.e.s.....	20,344,974	14.92	a 1,714,555	14.89	.....
Glue	652,804	29.02	851,225	29.24	790,355
Spices, n.e.s.....	864,986	35.59	726,315	33.28	941,102
Art works, n.e.s.....	2,699,652	16.67	1,568,780	15.06	1,144,130
Asphaltum and bitumen.....	608,262	32.31	719,317	32.37	719,013
Straw, and manufactures of straw and grass	595,303	29.74	673,008	34.20	825,694
Type metal and types.....	384,731	28.71	620,205	34.50	380,811
Soap	990,992	27.15	761,665	27.37	829,440
All other dutiable articles.....	14,333,175	25.94	18,834,194	19.53	10,981,697
Grand total	682,265,866	43.15	785,756,019	41.52	750,981,697

n.e.s.—Not elsewhere specified; a from July 1 to August 5, 1909, only.

ARTICLES FREE OF DUTY.

	1909	1910	1911
	Dollars	*Dollars*	*Dollars*
Hides and skins, raw, n. s. p. (1).....	54,692,017	113,651,326	70,506,933
India rubber, gutta-percha, and substitutes for..	64,735,438	106,861,475	92,912,077
Coffee	79,103,932	69,180,118	90,508,787
Silk, and manufactures of, n.e.s.....	80,139,348	67,394,691	75,243,370
Chemicals, drugs and dyes, n.e.s.....	48,294,865	58,153,015	61,077,152
Copper, n.e.s. (ore, matte, and regulus, 1909, $8,597,868; 1910, $9,250,040; 1911, $7,649,412)....	37,763,797	40,137,020	39,677,295
Tin, black oxide of, and bars, blocks, pigs, or grain, or granulated.....	26,010,350	30,882,881	37,948,428
Fibers, vegetable, and textile grasses, and manufactures of, n.e.s.....	27,667,272	28,744,652	28,304,966

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TABLE No. 13—*Continued.*

	1909 *Dollars*	1910 *Dollars*	1911 *Dollars*
Art works, n.e.s	549,661	19,114,407	21,045,920
Articles, the growth, produce, or manufacture of the United States, etc., returned	12,553,953	19,198,399	20,672,561
Cotton, unmanufactured, and waste or flocks	14,844,320	17,395,298	27,722,899
Oils, n.e.s	10,303,465	16,625,889	20,628,490
Wood, and manufactures of, n.e.s	11,329,525	15,984,351	16,990,459
Fruits, and nuts, n.e.s	14,035,029	15,627,166	19,216,702
Furs and fur skins, undressed	11,652,618	15,591,336	15,334,373
Tea	18,628,389	13,670,986	17,607,660
Cocoa, or cacao, crude, and shells of	14,830,511	11,376,061	14,552,962
Diamonds, and other precious stones, n.e.s	5,217,086	10,557,950	9,555,219
Fertilizers	5,992,382	8,348,959	10,163,015
Hair, n.s.p	3,749,061	5,987,807	4,754,279
Paper stock, crude, of every description, except wood pulp	3,637,786	5,209,376	5,474,481
Household furniture, etc	4,504,447	4,948,478	4,829,779
Seeds	3,820,188	4,598,989	6,559,040
Sugar (from Philippine Islands after August 5, 1909). (Value, 1909, $1,863,764)	(1)	4,259,568	6,487,284
Nickel ore and matte	2,544,222	3,618,744	3,946,293
Articles specially imported (except books)	2,039,313	3,593,135	1,933,810
Animals, n.e.s	2,257,653	3,493,600	2,964,728
Platinum, and manufactures of, n.e.s	1,881,996	3,345,310	3,982,198
Paper and manufactures of (including books and other printed matter)	2,954,305	3,334,550	3,249,527
Cork wood or cork bark, unmanufactured	2,016,534	3,152,280	4,286,760
Spices, unground, n.e.s	4,450,138	2,778,626	4,008,559
Meat products; sausage casings, and sausages, bologna	2,389,488	2,730,860	2,871,419
Ivory in its natural state	2,686,184	2,702,218	2,215,527
Sulphur ore, as pyrites, etc	2,462,154	2,617,725	3,108,091
Fish, n.e.s	1,627,882	1,923,099	2,033,547
Iron and steel, and manufactures of, n.e.s. (not including ore)	573,742	1,901,241	2,333,593
Plumbago	1,463,717	1,894,266	1,677,963
Shells, not sawed, cut, polished, or otherwise manufactured (including mother-of-pearl)	1,889,786	1,808,945	1,884,848
Tobacco stems, and tobacco and manufactures of from Philippine Islands, after August 5, 1909 (items, 1910, $72)	(2) 4,854	1,676,238	923,792
Tanning materials, n.e.s	1,265,393	1,656,766	1,683,712
Hide cuttings, raw, etc., and all other glue stock, and hide rope	1,303,784	1,605,472	1,636,522
Manganese, exide and ore of	1,243,657	1,594,425	1,453,177
Grease and oils, n.e.s	1,248,023	1,148,756	1,339,203
Asbestos, unmanufactured	1,021,413	1,122,084	1,317,850
Breadstuffs: Farinaceous substances, etc	1,395,473	985,244	1,693,016
Oleo stearin (after August 5, 1909)	(3)	930,160	591,072
Brass, old brass, etc., fit only for remanufacture	470,578	798,767	523,865
Bones, crude, or not burned, etc	478,069	641,704	739,906
Marble, onyx and stone, and manufactures of n.e.s.	443,072	513,041	455,689
Iron in ore, n.e.s. (chromate of iron)	340,584	480,171	437,281
Emery and corundum, n.e.s	149,557	430,482	390,728
Hoofs, horn, and parts of, unmanufactured	299,912	426,508	430,786
Glass, n.e.s	462,240	416,843	298,924
Total, including articles not specified (valued less than $400,000 each)	599,375,868	761,353,116	776,963,502

[1] Dutiable in 1909; [2] tobacco stems only in 1909; [3] dutiable as stearin in 1909; n.s.p., not specially provided for; n.e.s., not elsewhere specified.

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TABLE No. 14.

COMMERCE OF THE UNITED STATES, BY GREAT GROUPS, 1821 TO 1910.

[Compiled from the annual review of foreign commerce of the United States]

IMPORTS, TOTAL.

Fiscal Years.	Foodstuffs in crude condition and food animals.		Foodstuffs partly or wholly manufactured.		Crude materials for use in manufacturing.		Manufactures for further use in manufacturing.		Manufactures ready for consumption.		Miscellaneous.		Total.
	Dollars.	Per cent of total	Dollars.	Per cent of total.	Dollars.	Per cent of total.	Dollars.	Per cent of total.	Dollars.	Per cent of total.	Dollars.	Per cent of total.	Dollars.
1821 ..	6,081,641	11.15	10,820,814	19.85	1,983,706	3.64	4,079,064	7.48	30,998,900	56.86	556,709	1.02	54 520,834
1830 ..	7,382,274	11.77	9,653,971	15.39	4,214,825	6.72	5,152,486	8.22	35,734,837	56.97	582,563	.93	62,720,955
1840 ..	15,273,321	15.54	15,188,845	15.46	11,510,245	11.71	11,356,196	11.56	44,300,005	45.09	630,094	.64	98,258,706
1850 ..	18,011,659	10.38	21,465,776	12.37	11,711,266	6.75	26,163,152	15.08	95,312,499	54.93	845,174	.49	173,509,526
1860 ..	35,743,826	10.11	53,771,067	15.26	37,073,022	10.48	23,613,395	6.67	199,878,690	56.52	3,536,119	1.00	353,616,119
1870 ..	53,981,838	12.38	96,253,561	22.08	53,118,022	12.18	54,545,306	12.51	173,034,847	39.69	5,024,834	1.16	435,958,408
1872 ..	76,745,348	12.25	121,746,757	19.43	91,715,359	14.64	87,606,647	13.98	237,928,516	37.97	10,852,450	1.73	626,595,077
1873 ..	83,364,065	12.98	122,063,864	19.01	94,293,376	14.68	96,641,675	15.05	232,108,020	36.15	13,665,210	2.13	642,136,210
1874 ..	94,264,481	16.61	119,618,137	21.08	73,366,563	12.93	71,913,498	12.67	192,431,867	33.92	15,811,796	2.79	567,406,342
1875 ..	90,018,885	16.89	113,145,852	21.23	78,891,769	14.80	63,411,606	11.89	177,891,440	33.38	9,645,884	1.81	533,005,436
1876 ..	94,186,516	20.44	91,927,329	19.95	66,370,245	14.41	51,087,445	11.09	145,691,808	31.62	11,477,847	2.49	460,741,190
1877 ..	86,134,465	19.08	114,579,052	25.39	69,592,668	15.42	48,531,632	10.75	125,654,539	27.84	6,830,770	1.52	451,323,126
1878 ..	84,399,969	19.31	102,034,859	23.34	72,485,326	16.58	46,500,681	10.66	124,785,193	28.55	6,845,504	1.56	437,051,532
1879 ..	82,283,989	18.46	102,659,926	23.03	73,328,788	16.45	49,692,449	11.15	130,145,818	29.19	7,666,805	1.72	445,777,775
1880 ..	100,297,040	15.01	118,125,216	17.69	131,861,617	19.74	110,779,516	16.59	196,587,405	29.43	10,303,952	1.54	667,954,746
1881 ..	102,486,852	15.95	123,380,388	19.20	114,244,631	17.77	87,790,890	13.66	203,725,925	31.70	11,035,942	1.72	642,664,628
1882 ..	104,947,672	14.49	139,438,506	19.24	131,356,113	18.13	98,623,766	13.61	238,716,691	32.94	11,556,826	1.59	724,639,574
1883 ..	93,091,358	12.87	142,127,926	19.65	133,612,450	18.48	98,755,423	13.66	242,945,562	33.59	12,648,195	1.75	723,180,914
1884 ..	103,010,830	15.43	130,778,286	19.59	119,150,641	17.84	94,698,249	14.18	207,771,072	31.12	12,288,615	1.84	667,697,693
1885 ..	93,345,583	16.16	102,937,933	17.82	106,774,553	18.49	78,254,677	13.55	182,543,076	31.61	13,671,507	2.37	577,527,329
1886 ..	91,588,644	14.41	112,771,436	17.75	128,434,759	20.22	91,539,244	14.40	194,791,568	30.65	16,310,485	2.57	635,436,136
1887 ..	106,362,234	15.36	111,714,382	16.14	143,361,050	20.71	120,079,754	17.34	202,800,073	29.29	8,002,275	1.16	692,319,768

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1888 ..	116,087,107	16.03	111,048,075	15.34	155,057,432	21.42	121,605,094	16.80	211,218,652	29.17	8,940,754	1.24	723,957,114
1889 ..	123,130,984	16.53	122,254,266	16.41	163,548,106	21.94	115,079,918	15.44	212,482,518	28.52	8,635,860	1.16	745,131,652
1890 ..	128,480,142	16.28	133,332,031	16.89	170,637,250	21.62	116,924,080	14.81	230,685,581	29.23	9,251,325	1.17	789,310,409
1891 ..	150,639,399	17.83	147,721,884	17.48	184,175,197	21.80	136,446,309	16.15	217,577,775	25.75	8,355,632	.99	844,916,196
1892 ..	175,558,861	21.22	139,794,733	16.89	188,317,595	22.76	112,729,303	13.63	204,543,857	24.72	6,458,073	.78	827,402 462
1893 ..	131,663,968	15.19	153,739,181	17.75	209,277,112	24.16	135,608,418	15.65	228,764,866	26.40	7,347,377	.85	866,400,922
1894 ..	133,399,989	20.35	155,348,824	23.72	130,086,011	19.86	82,894,732	12.65	148,798,021	22.72	4,557,045	.70	654,994,622
1895 ..	141,377,238	19.31	107,026,180	14.63	180,939,902	24.72	96,486,622	13.18	199,543,108	27.26	6,596,915	.90	731,969,965
1896 ..	130,002,310	16.67	118,805,703	15.24	197,646,852	25.35	101,070,937	12.96	226,639,759	29.07	5,559,113	.71	779,724,674
1897 ..	128,379,785	16.79	129,244,951	16.90	196,159,371	25.66	88,490,406	11.57	217,843,918	28.48	4,611,981	.60	764,730,412
1898 ..	103,984,608	16.88	86,091,010	13.97	189,322,244	30.73	79,288,417	12.88	153,025,210	24.84	4,338,165	.70	616,049,654
1899 ..	98,933,256	14.19	123,448,135	17.71	208,565,691	29.91	91,953,914	13.19	169,516,630	24.32	4,730,863	.68	697,148,489
1900 ..	97,916,293	11.52	133,027,374	15.65	276,241,152	32.50	134,222,045	15.79	203,126,341	23.90	5,407,979	.64	849,941,184
1901 ..	110,385,208	13.43	125,540,654	15.25	248,000,751	30.13	127,576,924	15.49	205,505,580	24.96	6,157,048	.74	823,172,165
1902 ..	120,280,302	13.31	95,350,256	10.56	303,001,868	33.35	147,656,292	16.34	231,420,820	25.62	5,611,410	.62	903,320,948
1903 ..	119,202,674	11.62	116,620,623	11.37	330,491,084	32.22	195,750,847	19.08	257,757,184	25.13	5,896,825	.58	1,025,719,237
1904 ..	132,223,895	13.34	118,222,862	11.93	320,794,431	32.37	160,233,890	16.17	252,857,673	25.51	6,754,620	.68	991,087,371
1905 ..	146,130,903	13.08	145,355,839	13.01	389,160,658	34.82	177,827,960	15.91	252,372,650	22.58	6,665,061	.60	1,117,513,071
1906 ..	134,315,448	10.95	140,358,114	11.44	414,687,999	33.81	220,298,751	17.96	307,801,154	25.10	9,100,980	.74	1,226,562,446
1907 ..	149,747,693	10.44	158,656,263	11.06	477,027,174	33.25	274,096,464	19.11	364,192,884	25.39	10,700,947	.75	1,434,421,425
1908 ..	145,577,427	12.19	147,008,970	12.31	363,482,258	30.43	196,248,409	16.43	331,617,926	27.77	10,406,902	.87	1,194,341,792
1909 ..	164,110,674	12.51	165,700,920	12.63	451,359,259	34.40	222,101,622	16.94	299,106,235	22.80	9,541,514	.72	1,311,920,224
1910 ..	144,776,636	9.30	181,566,572	11.66	566,270,770	36.37	285,238,373	18.31	367,723,367	23.62	11,471,712	.74	1,556,947,430

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TABLE No. 14—*Concluded.*

COMMERCE OF THE UNITED STATES, BY GREAT GROUPS, 1821 TO 1910.

[Compiled from the annual review of foreign commerce of the United States]

EXPORTS. DOMESTIC.

Fiscal Years.	Foodstuffs in crude condition and food animals.		Foodstuffs partly or wholly manufactured.		Crude materials for use in manufacturing.		Manufactures for further use in manufacturing.		Manufactures ready for consumption.		Miscellaneous.		Total.
	Dollars.	Per cent of total	Dollars.	Per cent of total.	Dollars.	Per cent of total.	Dollars.	Per cent of total.	Dollars.	Per cent of total.	Dollars.	Per cent of total.	Dollars.
1821 ..	2,474,822	4.79	10,085,366	19.51	31,246,382	60.46	4,867,379	9.42	2,925,165	5.66	84,526	0.16	51,683,640
1830 ..	2,724,181	4.65	9,556,992	16.32	36,482,266	62.34	4,117,606	7.04	5,461,589	9.34	182,244	.31	58,524,878
1840 ..	4,564,532	4.09	15,936,108	14.27	75,488,421	67.61	4,841,101	4.34	10,584,079	9.47	246,320	.22	111,660,561
1850 ..	7,535,764	5.59	20,017,162	14.84	83,984,707	62.26	6,060,900	4.48	17,162,206	12.72	139,494	.10	134,900,233
1860 ..	12,166,447	3.85	38,624,949	12.21	216,009,648	68.31	12,641,625	3.99	35,811,383	11.33	988,371	.31	316,242,423
1870 ..	41,852,630	11.12	50,919,666	13.53	213,439,991	56.64	13,711,708	3.66	56,329,137	14.96	363,341	.09	376,616,473
1872 ..	59,356,592	13.85	84,357,982	19.68	194,458,406	45.39	21,087,265	4.92	65,306,501	15.24	3,920,385	.92	428,487,131
1873 ..	69,853,173	13.83	100,857,593	19.97	231,904,077	45.92	24,976,655	4.95	76,059,102	15.06	1,382,839	.27	505,033,439
1874 ..	119,143,282	20.93	114,038,605	20.03	228,149,732	40.06	26,026,258	4.57	81,124,581	14.24	950,963	.17	569,433,421
1875 ..	79,077,679	15.84	110,292,780	22.09	206,271,795	41.31	27,458,054	5.50	74,503,493	14.92	1,680,299	.34	499,284,100
1876 ..	94,181,630	17.92	121,615,589	23.14	202,247,842	38.49	31,459,259	5.98	74,450,509	14.16	1,627,418	.31	525,582,247
1877 ..	90,636,898	15.37	150,101,362	25.46	200,821,765	34.06	31,513,556	5.34	112,673,046	19.11	3,923,597	.66	589,670,224
1878 ..	154,809,695	22.74	170,277,023	25.01	213,128,093	31.31	28,685,480	4.22	110,440,970	16.23	3,368,007	.49	680,709,268
1879 ..	188,526,959	27.00	174,230,816	24.95	198,687,747	28.45	30,169,002	4.32	103,254,499	14.78	3,471,767	.50	698,340,790
1880 ..	266,108,950	32.30	193,352,723	23.47	238,787,934	28.98	29,044,159	3.52	92,774,139	11.26	3,878,448	.47	823,946,353
1881 ..	241,641,847	27.34	226,386,821	25.62	278,918,722	31.55	32,820,713	3.71	102,458,449	11.59	1,699,395	.19	883,925,947
1882 ..	155,008,497	21.14	178,002,738	24.28	233,294,072	31.82	37,164,800	5.07	124,835,385	17.02	4,934,240	.67	733,239,732
1883 ..	163,196,443	20.29	186,392,822	23.18	288,841,684	35.92	37,996,198	4.72	122,448,549	15.23	5,347,936	.66	804,223,632
1884 ..	130,395,872	17.99	194,703,245	26.86	239,510,224	33.04	37,800,437	5.21	118,172,882	16.30	4,382,192	.60	724,964,852
1885 ..	123,326,867	16.97	201,800,801	27.77	248,611,181	34.22	39,437,313	5.42	110,818,865	15.25	2,687,919	.37	726,682,946
1886 ..	100,799,692	15.13	162,689,021	24.43	254,409,407	38.21	34,037,715	5.11	111,627,312	16.76	2,401,382	.36	665,964,529

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1887 ..	125,453,686	17.85	175,784,781	25.00	250,236,436	35.60	36,732,490	5.22	112,417,839	15.99	2,397,691	.34	703,022,923
1888 ..	86,368,408	12.63	169,872,314	24.84	271,275,629	39.67	40,176,023	5.88	113,892,689	16.65	2,277,041	.33	683,862,104
1889 ..	98,847,455	13.54	174,504,227	23.90	286,235,227	39.19	42,712,932	5.85	123,183,883	16.87	4,798,885	.65	730,282,609
1890 ..	132,073,183	15.62	224,756,580	26.59	304,566,922	36.03	46,454,992	5.50	132,527,050	15.68	4,915,101	.58	845 293,828
1891 ..	106,155,721	12.17	226,448,303	25.96	346,848,321	39.77	47,961,372	5.49	140,349,741	16.09	4,506,825	.52	872,270,283
1892 ..	262,455,846	25.84	250,438,545	24.66	315,096,548	31.02	50,284,241	4.95	132,792,441	13.07	4,664,390	.46	1,015,732,011
1893 ..	153,277,859	18.43	247,075,061	29.73	247,289,240	29.75	49,070,703	5.94	129,938,284	15.63	4,379,638	.52	831,030,785
1894 ..	133,196,928	15.30	249,846,142	28.77	276,068,989	31.76	67,145,189	7.72	135,659,274	15.61	7,288,415	.84	869,204,937
1895 ..	99,051,108	12.49	219,125,531	27.62	264,194,679	33.30	61,812,896	7.78	143,244,969	18.06	5,963,407	.75	793,392,590
1896 ..	128,550,669	14.90	219,413,574	25.41	251,817,571	29.17	76,219,728	8.85	181,789,157	21.04	5,409,788	.63	863,200,487
1897 ..	181,420,814	17.58	235,051,930	22.79	296,834,858	28.76	98,284,243	9.52	212,959,122	20.63	7,456,636	.72	1,032,007,603
1898 ..	305,108,915	25.21	284,879,827	23.54	286,311,334	23.66	101,990,563	8.43	222,537,358	18.38	9,463,916	.78	1,210,291,913
1899 ..	232,903,066	19.35	304,754,736	25.31	277,723,374	23.07	117,739,260	9.78	262,656,583	21.81	8,163,203	.68	1,203,931,222
1900 ..	227,347,193	16.59	318,126,502	23.21	325,589,000	23.75	152,890,591	11.15	331,955,684	24.22	14,854,601	1.08	1,370,763,571
1901 ..	246,394,140	16.88	336,605,378	23.05	397,767,463	27.24	148,013,625	10.12	317 764,367	21.76	13,917,833	.95	1,460,462,806
1902 ..	184,786,389	13.63	328,831,350	24.27	373,595,243	27.56	131,918,311	9.73	321,946,540	23.75	14,404,028	1.06	1,355,481,861
1903 ..	185,308,064	13.31	323,244,251	23.22	408,679,699	29.35	140,415,620	10.09	327,482,757	23.52	7,100,911	.51	1,392,231,302
1904 ..	135,747,224	9.46	308,835,694	21.52	461,716,328	32.17	174,574,136	12.17	348,745,843	24.30	5,559,792	.38	1,435,179,017
1905 ..	118,185,098	7.92	283,064,680	18.98	472,665,309	31.69	209,361,544	14.03	402,064,030	26.95	6,403,980	.43	1,491,744,641
1906 ..	177,216,467	10.32	347,385,462	20.22	500,536,700	29.13	226,210,513	13.17	459,812,656	26.76	6,791,584	.40	1,717,953,382
1907 ..	167,348,227	9.03	345,706,609	18.65	593,145,135	32.00	259,414,784	13.99	480,708,667	25.93	7,394,612	.40	1,853,718,034
1908 ..	189,051,824	10.30	331,961,663	18.10	556,681,462	30.33	261,195,883	14.23	489,469,958	26.68	6,515,567	.36	1,834,786,357
1909 ..	135,693,409	8.28	302,555,341	18.47	520,907,436	31.80	231,186,607	14.11	440,229,407	26.87	7,783,393	.47	1,638,355,593
1910 ..	109,828,320	6.43	259,259,654	15.16	565,934,957	33.09	267,765,916	15.66	499,215,329	29.19	8,079,822	.47	1,710,083,998

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TABLE No. 15.

COMMERCIAL AND FINANCIAL STATISTICS OF THE PRINCIPAL COUNTRIES OF THE WORLD.

[Compiled from official reports of the respective governments.]

Country.	Area.	Population in 1908 or on latest available date.	Population per square mile.	Foreign commerce.						
				Year.	Imports of merchandise.	Imports from United States.		Exports of merchandise.	Exports to United States.	
	Sq. miles.				*Dollars.*	*Dollars.*	*Per cent.*	*Dollars.*	*Dollars.*	*Per cent.*
Argentina	1,139,196	6,100,000	5.35	1908	263,419,000	34,351,000	13.0	353,195,000	12,567,000	3.6
Australasia:										
Commonwealth of Australia	2,974,580	4,222,000	1.42	1908	242,287,000	29,392,000	12.1	302,302,000	11,215,000	3.7
New Zealand	104,750	942,000	8.99	1908	85,024,000	8,000,000	9.4	77,351,000	1,584,000	2.0
Austria-Hungary	261,214	50,499,000	193.32	1908	486,813,000	44,996,000	9.2	457,819,000	11,792,000	2.6
Austria (including Bosnia and Herzegovina)	135,606	29,824,000	219.93	.....	.....	.....	.....	.....	.....	.....
Hungary	125,608	20,675,000	164.60	.....	.....	.....	.....	.....	.....	.....
Belgium	11,373	7,386,000	649.43	1908	642,195,000	65,902,000	10.3	483,744,000	14,087,000	2.9
Bolivia	567,643	1,954,000	3.44	1908	20,774,000	4,164,000	20.0	24,038,000	.....	.....
Brazil	3,291,416	21,000,000	6.38	1908	172,252,000	20,862,000	12.1	214,300,000	85,938,000	40.1
Bulgaria	37,199	4,158,000	111.78	1908	25,119,000	111,000	.4	21,685,000	159,000	.7
Canada	3,729,665	7,184,000	1.93	1909	298,206,000	180,027,000	60.4	222,026,000	68,108,000	30.7
Central America:										
Costa Rica	18,691	360,000	19.26	1908	5,629,000	2,618,000	46.5	7,758,000	4,096,000	52.8
Guatemala	43,641	1,883,000	43.15	1908	5,812,000	1,719,000	29.6	6,756,000	1,777,000	26.3
Honduras	44,274	500,000	11.29	1908	2,754,000	1,828,000	66.4	1,859,000	1,613,000	86.8
Nicaragua	49,552	460,000	9.28	1908	3,000,000	1,297,000	43.2	4,500,000	1,034,000	22.0
Panama	33,776	419,000	12.41	1908	7,807,000	4,460,000	57.1	1,827,000	1,654,000	91.5

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Salvador	8,170	1,707,000	208.94	1908	4,241,000	1,287,000	30.3	5,896,000	1,954,000	33.1
Chile	292,743	3,254,000	11.12	1908	97,551,000	8,901,000	9.1	116,489,000	16,083,000	13.8
China	4,300,722	330,130,000	76.76	1908	254,456,000	26,603,000	10.5	178,446,000	15,367,000	8.6
Colombia	435,278	4,320,000	9.92	1908	13,514,000	3,690,000	27.4	14,989,000	6,897,000	46.0
Cuba	45,881	2,049,000	44.66	1908-9	83,900,000	42,594,000	50.8	115,637,000	99,973,000	86.5
Denmark (including Faroe Islands)	15,592	2,630,000	168.68	1908	190,711,000	30,260,000	15.9	165,341,000	6,641,000	4.0
Ecuador	118,627	1,272,000	10.72	1908	10,003,000	1,994,000	19.9	12,925,000	3,768,000	29.2
Egypt	383,899	11,287,000	29.40	1908	119,818,000	1,065,000	.9	103,559,000	5,602,000	5.4
France	207,129	39,300,000	189.74	1908	1,088,619,000	126,816,000	11.6	974,791,000	60,734,000	6.2
Algeria	343,629	5,158,000	15.01	1908	95,184,000	1,187,000	1.2	76,104,000	343,000	.5
Tunis	64,633	1,830,000	28.31	1908	23,744,000	417,000	1.8	18,172,000	26,000	.1
French Indo-China	256,255	16,315,000	63.67	1907	56,931,000	801,000	1.4	42,121.000	.....	.....
French colonies, n. e. s.	3,576,676	22,778,000	6.37	1907	45,741,000	2,855,000	6.2	42,990,000	369,000	.9
German Empire	208,794	62,982,000	301.65	1908	.....	.....	.....	.....	.....	.....
German Customs Union	209,793	63,219,000	301.34	1908	1,824,037,000	305,261,000	16.7	1,522,849,000	120,791,000	7.9
German colonies	1,018,223	14,674,000	14.41	1907	21,121,000	333,000	1.6	9,797,000	55,000	.6
Greece	24,964	2,632,000	105.43	1907	28,770,000	1,421,000	4.9	22,701,000	2,179,000	9.6
Haiti	11,072	1,800,000	162.57	1907-8	4,701,000	3,054,000	65.0	3,479,000	447,000	12.9
India, British	1,766,517	294,361,000	166.63	1908-9	417,799,000	10,681,000	2.6	486,079,000	42,858,000	8.8
Italy	110,688	34,270,000	309.61	1908	562,262,000	78,164,000	13.9	333,748,000	39,338,000	11.8
Eritrea (Massaua)	45,795	280,000	6.11	1907	2,047,000	15,000	.7	422,000	219	.....
Japan (including Pescadores, but excluding Formosa and Sakhalin)	147,699	49,233,000	33.33	1909	196,311,000	26,914,000	13.7	205,730,000	65,510,000	31.8
Formosa	13,503	3,081,000	228.17	1908	8,503,000	1,140,000	13.4	4,630,000	2,269,000	49.0
Kongo Free State	919,999	15,500,000	16.85	1908	5,131,000	14,000	.3	8,371,000	.....	.....
Korea	84,421	9,782,000	115.87	1907	20,365,000	1,453,000	7.1	8,207,000	472	.....
Liberia	36,834	1,500,000	40.72	1908	966,000	50,000	5.2	884,000	1,000	.1
Mexico	767,323	15,000,000	19.55	1908-9	77,939,000	45,088,000	57.8	115,089,000	86,127,000	74.8
Morocco	169,591	5,000,000	29.48	1908	11,875,000	52,000	.4	10,011,000	24,000	.2

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TABLE No. 15—*Concluded.*

COMMERCIAL AND FINANCIAL STATISTICS OF THE PRINCIPAL COUNTRIES OF THE WORLD.

[Compiled from official reports of the respective governments.]

Country.	Area.	Population in 1908 or on latest available date.	Population per square mile.	Foreign commerce.						
				Year.	Imports of merchandise.	Imports from United States.		Exports of merchandise.	Exports to United States.	
	Sq. miles.				*Dollars.*	*Dollars.*	*Per cent.*	*Dollars.*	*Dollars.*	*Per cent.*
Netherlands	12,741	5,825,000	457.19	1908	1,129,577,000	129,552,000	11.5	872,982,000	81,177,000	9.3
Dutch East Indies	739,543	38,938,000	52.65	1907	92,044,000	1,574,000	1.7	146,201,000	7,560,000	5.2
Dutch possessions in America	50,282	137,000	2.72	1907	4,408,000	1,340,000	30.4	2,893,000	1,216 000	42.0
Norway	124,705	2,330,000	18.68	1908	100,803,000	4,852,000	4.8	64,341,000	1,651,000	2.6
Paraguay	97,722	631,000	6.46	1907	3,930,000	55,000	1.4	3,732,000	16,000	.4
Persia	635,135	9,500,000	14.96	1908-9	31,077,000	22,000	.1	25,987,000	17,000	.1
Peru	683,321	4,560,000	6.67	1908	25,771,000	5,815,000	22.6	26,161,000	5,875,000	22.5
Portugal (including Madeira and Azores	35,499	5,423,000	152.76	1907	66,369,000	6,549,000	9.9	32,843,000	595,000	1.8
Portuguese colonies	808,107	7,256,000	8.98	1906-7	26,460,000	4,601,000	17.4	26,387,000	81,000	.3
Roumania	50,715	6,684,000	131.80	1907	83,088,000	714,000	.9	106,926,000	8,000	.....
Russia	8,374,001	149,034,000	17.80	1907	436,393,000	28,628,000	6.6	542,300,000	4,333,000	.8
Finland	144,249	2,975,000	20.62	1907	73,158,000	.....	.....	51,215,000	.....	.....
Santo Domingo	18,756	610,000	32.52	1908	4,905,000	2,605,000	53.1	9,595,000	5,223,000	54.4
Servia	18,650	2,825,000	151.47	1908	14,212,000	91,000	.6	15,006,000	383,000	2.6
Siam	195,000	6,687,000	34.29	1908-9	27,854,000	438,000	1.6	36,535,000	1,000	.....
Spain	194,794	19,713,000	101.20	1908	167,858,000	23,686,000	14.1	153,275,000	7,022,000	4.6
Spanish colonies	82,135	301,000	3.66	1907	20,670,000	558,000	2.7	4,541,000	1,000	.....
Sweden	172,920	5,378,000	31.10	1908	163,194,000	16,155,000	9.9	129,181,000	2,605,000	2.0

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Switzerland	15,955	3,559,000	223.06	1908	287,020,000	11,707,000	4.1	200,418,000	21,577,000	10.8
Turkey (including Samos)	1,153,500	24,082,000	20.88	1905-6	135,245,000	1,350,000	1.0	84,823,000	11,546,000	13.6
Crete	3,327	310,000	93.18	1908	4,067,000	15,000	.4	3,546,000	73,000	2.1
United Kingdom	121,316	44,547,000	367.20	1908	2,885,608,000	604,227,000	29.3	1,835,176,000	103,674,000	5.7
British colonies, n. e. s..	2,630,895	44,074,000	16.75	1907	557,610,000	38,316,000	6.9	615,090,000	34,601,000	5.6
United States (including Alaska, Hawaii, and Porto Rico)	3,627,557	89,642,000	24.71	1908-9	1,311,920,000	.....	.....	1,638,356,000	.....	.....
Philippine Islands	115,026	8,190,000	71.20	1908-9	27,792,000	4,692,000	16.9	30,994,000	10,215,000	33.0
Uruguay	72,172	1,043,000	14.45	1908	34,619,000	3,135,000	9.1	37,281,000	2,107,000	5.7
Venezuela	363,822	2,647,000	7.28	1908	10,186,000	2,876,000	28.2	14,627,000	5,194,000	35.5
Total	42,224,472	1,536,530,000	.....	.....	15,253,169,000	2,015,390,000	.....	13,489,029,000	1,099,731,000	.....

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TABLE No. 16.

SUMMARY OF MANUFACTURES, BY STATES AND TERRITORIES, CENSUS YEARS 1900 AND 1905.

State or Territory.	Census year.	Number of establishments	Capital.	Wage-earners.		Cost of materials used.	Value of products, including custom work and repairing.
				Average number.	Total wages.		
			Dollars.		Dollars.	Dollars.	Dollars.
United States.	1900	207,562	8,978,825,200	4,715,023	2,009,735,799	6,577,614,074	11,411,121,122
	1905	216,262	12,686,265,678	5,470,321	2,611,540,532	8,503,949,756	14,802,147,087
Alabama	1900	2,000	60,165,904	52,711	14,911,683	37,998,233	72,109,929
	1905	1,882	105,382,859	62,173	21,878,451	60,458,368	109,169,922
Alaska ..	1900	48	3,568,704	2,260	1,374,680	1,762,583	4,194,421
	1905	82	10,684,799	1,938	1,095,579	3,741,946	8,244,524
Arizona .	1900	154	9,517,573	3,126	2,287,352	7,876,542	20,438,987
	1905	169	14,395,654	4,793	3,969,248	14,595,057	28,083,192
Arkansas.	1900	1,746	25,384,636	31,525	10,184,154	18,288,045	39,887,578
	1905	1,907	46,306,116	33,089	14,543,635	21,799,346	53,864,394
California....	1900	4,997	175,467,806	77,224	39,889,997	164,894,269	257,385,521
	1905	6,839	282,647,201	100,355	64,656,686	215,726,414	367,218,494
Colorado .	1900	1,323	58,172,865	19,498	11,707,566	60,750,784	89,067,879
	1905	1,606	107,663,500	21,813	15,100,365	63,114,397	100,143,999
Connecticut....	1900	3,382	299,206,925	159,733	73,394,062	169,671,648	315,106,150
	1905	3,477	373,283,580	181,605	87,942,628	191,301,881	369,082,091
Delaware.	1900	633	38,791,402	20,562	8,457,003	24,725,317	41,321,061
	1905	631	50,925,630	18,475	8,158,203	24,883,806	41,160,276
Dist. of Columbia.	1900	491	17,960,498	6,155	3,022,906	7,475,216	16,426,408
	1905	482	20,199,783	6,299	3,658,370	7,731,971	18,359,159
Florida ..	1900	1,275	25,682,171	35,471	10,916,443	12,847,187	34,183,509
	1905	1,413	32,971,982	42,091	15,767,182	16,532,439	50,298,290
Georgia ..	1900	3,015	79,303,316	83,336	19,958,153	49,356,296	94,532,368
	1905	3,219	135,211,551	92,749	27,392,442	83,624,504	151,040,455
Idaho	1900	287	2,130,112	1,552	818,239	1,438,868	3,001,442
	1905	364	9,689,445	3,061	2,059,391	4,068,523	8,768,743
Illinois ..	1900	14,374	732,829,771	332,871	159,104,179	681,450,122	1,120,868,308
	1905	14,921	975,844,799	379,436	208,405,468	840,057,316	1,410,342,129
Indian Territory	1900	179	1,591,953	1,087	379,188	1,697,829	2,629,067
	1905	466	5,016,654	2,257	1,144,078	4,848,646	7,909,451
Indiana .	1900	7,128	219,321,080	139,017	59,280,131	195,162,566	337,071,630
	1905	7,044	312,071,234	154,174	72,058,099	220,507,007	393,954,405
Iowa	1900	4,828	85,667,334	44,420	18,020,653	85,778,867	132,870,865
	1905	4,785	111,427,429	49,481	22,997,053	102,843,892	160,572,313
Kansas .	1900	2,299	59,458,256	27,119	12,802,096	120,737,677	154,008,544
	1905	2,475	88,680,117	35,570	18,883,071	156,509,949	198,244,992
Kentucky	1900	3,648	87,995,822	51,735	18,454,252	67,406,202	126,508,660
	1905	3,734	147,282,478	59,794	24,438,684	86,545,464	159,753,968
Louisiana	1900	1,826	100,874,729	40,878	14,725,437	75,403,937	111,397,919
	1905	2,091	150,810,608	55,859	25,315,750	117,035,305	186,379,592
Maine ...	1900	2,878	114,007,715	69,914	25,730,735	61,210,327	112,959,098
	1905	3,145	143,707,750	74,958	32,691,759	80,042,090	144,020,197
Maryland	1900	3,886	149,155,313	94,170	32,414,429	129,354,412	211,076,143
	1905	3,852	201,877,966	94,174	36,144,244	150,024,066	243,375,996
Massachusetts.	1900	10,929	781,867,715	438,234	195,278,276	498,655,033	907,626,439
	1905	10,723	965,948,887	488,399	232,388,946	626,410,431	1,124,092,051
Michigan	1900	7,310	246,996,529	155,800	62,531,812	175,966,128	319,691,856
	1905	7,446	337,894,102	175,229	81,278,837	230,080,931	429,120,060
Minnesota	1900	4,096	133,076,669	64,557	29,029,190	150,299,277	223,692,922
	1905	4,756	184,903,271	69,636	35,843,145	210,553,949	307,858,073

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TABLE No. 16—*Concluded.*

State or Territory.	Census year.	Number of establishments	Capital.	Wage-earners.		Cost of materials used.	Value of products, including custom work and repairing.
				Average number.	Total wages.		
Mississippi	1900	1,294	22,712,186	26,799	7,909,607	16,543,029	33,718,517
	1905	1,520	50,256,309	38,690	14,819,034	25,800,885	57,451,445
Missouri	1900	6,853	223,781,088	107,704	46,713,734	184,189,030	316,304,095
	1905	6,464	379,368,827	133,167	66,644,126	252,258,417	439,548,957
Montana	1900	395	38,224,915	9,854	7,376,822	30,068,101	52,744,997
	1905	382	52,589,810	8,957	8,652,217	40,930,060	66,415,452
Nebraska	1900	1,695	65,906,052	18,669	8,842,429	95,925,178	130,302,453
	1905	1,819	80,235,310	20,260	11,022,149	124,051,628	154,918,220
Nevada .	1900	99	1,251,208	504	352,606	662,284	1,261,005
	1905	115	2,891,997	802	693,407	1,627,776	3,096,274
New Hamps..	1900	1,771	92,146,025	67,646	25,849,631	60,163,380	107,590,803
	1905	1,618	109,495,072	65,366	27,693,203	73,216,387	123,610,904
New Jersey..	1900	6,415	477,301,565	213,975	95,164,913	334,726,094	553,005,684
	1905	6,010	715,060,174	266,336	128,168,801	470,449,176	774,369,025
New Mexico..	1900	174	2,160,718	2,490	1,199,496	1,998,593	4,060,924
	1905	199	4,638,248	3,478	2,153,068	2,235,934	5,705,880
New York....	1900	35,957	1,523,502,651	726,909	337,323,585	1,018,377,186	1,871,830,872
	1905	37,194	2,031,459,515	856,947	430,014,851	1,348,603,286	2,488,345,579
North Carolina.	1900	3,465	68,283,005	72,322	14,051,784	44,854,224	85,274,083
	1905	3,272	141,000,639	85,339	21,375,294	79,268,004	142,520,776
North Dakota...	1900	337	3,511,968	1,358	671,321	4,150,860	6,259,840
	1905	507	5,703,837	1,755	1,031,307	7,095,986	10,217,914
Ohio	1900	13,868	570,908,968	308,109	136,427,579	409,302,501	748,670,855
	1905	13,785	856,988,830	364,298	182,429,425	527,636,585	960,811,857
Oklahoma...	1900	316	2,462,438	1,294	514,879	3,732,618	5,504,869
	1905	657	11,107,763	3,199	1,655,324	11,545,306	16,549,656
Oregon ..	1900	1,406	28,359,089	14,459	6,822,011	20,788,833	36,592,714
	1905	1,602	44,023,548	18,523	11,443,512	30,596,763	55,525,123
Pennsylvania	1900	23,462	1,449,814,740	663,960	296,875,548	958,301,272	1,649,882,380
	1905	23,495	1,995,836,988	763,282	367,960,890	1,142,942,707	1,955,551,332
Rhode Island....	1900	1,678	176,901,606	88,197	35,995,101	87,951,780	166,550,382
	1905	1,617	215,901,375	97,318	43,112,637	112,872,261	202,109,583
South Carolina.	1900	1,369	62,750,027	47,025	9,130,269	30,485,861	53,335,811
	1905	1,399	113,422,224	59,441	13,868,950	49,968,626	79,376,262
South Dakota..	1900	624	6,051,288	2,224	1,129,787	6,483,677	9,529,946
	1905	686	7,585,142	2,492	1,421,680	8,696,831	13,085,333
Tennessee.....	1900	3,116	63,140,657	45,963	14,727,506	54,559,039	92,749,129
	1905	3,175	102,439,481	60,572	22,805,628	79,351,746	137,960,476
Texas ...	1900	3,107	63,655,616	38,604	16,911,681	54,388,303	92,894,433
	1905	3,158	115,664,871	49,066	24,468,942	91,603,630	150,528,389
Utah	1900	575	13,219,039	5,413	2,762,522	11,440,250	17,981,648
	1905	606	26,004,011	8,052	5,157,400	24,939,827	38,926,464
Vermont .	1900	1,938	43,499,633	28,179	11,426,548	26,384,812	51,515,228
	1905	1,699	62,658,741	33,106	15,221,059	32,429,852	63,083,611
Virginia ..	1900	3,186	92,299,589	66,223	20,273,889	59,359,484	108,644,150
	1905	3,187	147,989,182	80,285	27,943,058	83,649,149	148,856,525
Washington..	1900	1,926	41,574,744	31,523	17,065,140	38,276,944	70,831,345
	1905	2,751	96,952,621	45,199	30,087,287	66,166,165	128,821,667
West Virgina..	1900	1,824	49,103,138	33,080	12,639,856	37,228,253	67,006,822
	1905	2,109	86,820,823	43,758	21,153,042	54,419,206	99,040,676
Wisconsin	1900	7,841	286,060,566	137,525	55,695,816	185,695,393	326,752,878
	1905	8,558	412,647,051	151,391	71,471,805	227,255,092	411,139,681
Wyoming.	1900	139	2,047,883	2,060	1,209,123	1,369,730	3,268,555
	1905	169	2,695,889	1,834	1,261,122	1,300,773	3,523,260

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TABLE NO. 17.

Value of United States Exports and Imports of Merchandise from 1791 to 1895.

YEAR ENDING	Exports.			Imports.			Excess of	
	Domestic.	Foreign.	Total.	Free.	Dutiable.	Total.	Exports.	Imports.
September 30,								
1791, . .	$ 18,500,000	$ 512,041	$ 19,012,041	. . . . .	. . . . .	$ 29,200,000	. . . . .	$ 10,187,959
1792, . .	19,000,000	1,753,098	20,753,098	. . . . .	. . . . .	31,500,000	. . . . .	10,746,902
1793, . .	24,000,000	2,109,572	26,109,572	. . . . .	. . . . .	31,100,000	. . . . .	4,990,428
1794, . .	26,517,492	6,526,233	33,043,725	. . . . .	. . . . .	34,600,000	. . . . .	1,556,275
1795, . .	39,500,400	8,489,472	47,989,872	. . . . .	. . . . .	69,756,268	. . . . .	21,766,396
1796, . .	32,274,625	26,300,000	58,574,625	. . . . .	. . . . .	81,436,164	. . . . .	22,861,539
1797, . .	24,294,710	27,000,000	51,294,710	. . . . .	. . . . .	75,379,406	. . . . .	24,084,696
1798, . .	28,327,411	33,000,000	61,327,411	. . . . .	. . . . .	68,551,700	. . . . .	7,224,289
1799, . .	33,142,522	45,523,000	78,665,522	. . . . .	. . . . .	79,069,148	. . . . .	403,623
1800, . .	31,840,903	39,130,877	70,971,780	. . . . .	. . . . .	91,252,768	. . . . .	20,280,988
1801, . .	46,377,792	46,642,721	93,020,513	. . . . .	. . . . .	111,363,511	. . . . .	18,342,998
1802, . .	36,182,173	35,774,971	71,957,144	. . . . .	. . . . .	76,333,333	. . . . .	4,376,189
1803, . .	42,205,961	13,594,072	55,800,033	. . . . .	. . . . .	64,666,666	. . . . .	8,866,633
1804, . .	41,467,479	36,231,597	77,699,974	. . . . .	. . . . .	85,000,000	. . . . .	7,300,926
1805, . .	42,387,002	53,179,019	95,566,021	. . . . .	. . . . .	120,600,000	. . . . .	25,033,979
1806, . .	41,253,727	60,283,236	101,536,963	. . . . .	. . . . .	129,410,000	. . . . .	27,873,037
1807, . .	48,699,592	59,643,558	108,343,150	. . . . .	. . . . .	138,500,000	. . . . .	30,156,850
1808, . .	9,433,546	12,997,414	22,430,960	. . . . .	. . . . .	56,990,000	. . . . .	34,559,040
1809, . .	31,405,702	20,797,531	52,203,233	. . . . .	. . . . .	59,400,000	. . . . .	7,196,767
1810, . .	42,366,675	24,391,295	66,757,970	. . . . .	. . . . .	85,400,000	. . . . .	18,642,030
1811, . .	45,294,042	16,022,790	61,316,832	. . . . .	. . . . .	53,400,000	$ 7,916,832	. . . . .
1812, . .	30,032,109	8,495,127	38,527,236	. . . . .	. . . . .	77,030,000	. . . . .	38,502,764
1813, . .	25,008,152	2,847,865	27,856,017	. . . . .	. . . . .	22,005,000	5,851,017	. . . . .
1814, . .	6,782,472	145,169	6,927,441	. . . . .	. . . . .	12,965,000	. . . . .	6,037,559
1815, . .	45,974,403	6,583,350	52,557,753	. . . . .	. . . . .	113,041,274	. . . . .	60,483,521
1816, . .	64,781,896	17,138,156	81,920,052	. . . . .	. . . . .	147,103,000	. . . . .	65,182 948
1817, . .	68,313,500	19,358,069	87,671,569	. . . . .	. . . . .	99,250,000	. . . . .	11,578,431
1818, . .	73,854,437	19,426,696	93,281,133	. . . . .	. . . . .	121,750,000	. . . . .	28,468,867
1819, . .	50,976,838	19,165,683	70,142,521	. . . . .	. . . . .	87,125,000	. . . . .	16,982,479
1820, . .	51,683,640	18,008,029	69,691,669	. . . . .	. . . . .	74,450,000	. . . . .	4,758,331
1821, . .	43,671,894	10,924,429	54,596,323	$ 2,017,423	$ 52,503,411	54,520,834	75,489	. . . . .
1822, . .	49,874,079	11,476,022	61,350,101	3,928,862	75,942,833	79,871,695	. . . . .	18,521,594
1823, . .	47,155,408	21,170,635	68,326,043	3,950,392	68,530,979	72,481,371	. . . . .	4,155,328
1824, . .	50,649,500	18,322,605	68,972,105	4,183,938	67,985,234	72,169,172	. . . . .	3,197,067

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TABLE No. 17—*Continued.*

YEAR ENDING	Exports.			Imports.			Excess of	
	Domestic.	Foreign.	Total.	Free.	Dutiable.	Total.	Exports.	Imports.
September 30,								
1825, . .	$ 66,944,745	$ 23,793,588	$ 90,738,333	$ 4,796,745	$ 85,392,565	$ 90,189,310	$ 549,023	. . . . .
1826, . .	52,449,855	20,440,934	72,890,789	5,686,803	72,406,708	78,093,511	. . . . .	$ 5,202,722
1827, . .	57,878,117	16,431,830	74,309,947	3,703,974	67,628,964	71,332,938	2,977,009	. . . . .
1828, . .	49,976,632	14,044,578	64,021,210	4,889,435	76,130,648	81,020,083	. . . . .	16,998,873
1829, . .	55,087,307	12,347,344	67,434,651	4,401,889	62,687,026	67,088,915	345,736	. . . . .
1830, . .	58,524,878	13,145,857	71,670,735	4,590,281	58,130,675	62,720,956	8,949,779	. . . . .
1831, . .	59,218,583	13,077,069	72,295,652	6,150,680	89,734,499	95,885,179	. . . . .	23,589,527
1832, . .	61,726,529	19,794,074	81,520,603	8,341,949	86,779,813	95,121,762	. . . . .	13,601,159
1833, . .	69,950,856	17,577,876	87,528,732	25,377,582	75,670,361	101,047,943	. . . . .	13,519,211
1834, . .	80,623,662	21,636,553	102,260,215	50,481,548	58,128,152	108,609,700	. . . . .	6,349,485
1835, . .	100,459,481	14,756,321	115,215,802	64,809,046	71,955,249	136,764,295	. . . . .	21,548,493
1836, . .	106,570,942	17,767,762	124,338,704	78,655,600	97,923,554	176,579,154	. . . . .	52,240,450
1837, . .	94,280,895	17,162,232	111,443,127	58,733,617	71,739,186	130,472,803	. . . . .	19,029,676
1838, . .	95,560,880	9,417,690	104,978,570	43,112,889	52,857,399	95,970,288	9,008,282	. . . . .
1839, . .	101,625,533	10,626,140	112,251,673	70,806,616	85,690,340	156,496,956	. . . . .	44,245,283
1840, . .	111,660,561	12,008,371	123,668,932	48,313,391	49,945,315	98,258,706	25,410,226	. . . . .
1841, . .	103,636,236	8,181,235	111,817,471	61,031,098	61,926,446	122,957,544	. . . . .	11,140,073
1842, . .	91,799,242	8,078,753	99,877,995	26,540,470	66,534,601	96,075,071	3,802,924	. . . . .
June 30,								
1843, *a* . .	77,686,354	5,139,335	82,825,689	13,254,249	29,179,215	42,433,464	40,392,225	. . . . .
1844, . .	99,531,774	6,214,058	105,745,832	18,936,452	83,668,154	102,604,606	3,141,226	. . . . .
1845, . .	98,455,330	7,584,781	106,040,111	18,077,598	95,106,724	113,184,322	. . . . .	7,144,211
1846, . .	101,718,042	7,865,206	109,583,248	20,990,007	96,924,058	117,914,065	. . . . .	8,330,817
1847, . .	150,574,844	6,166,754	156,741,598	17,651,347	104,773,002	122,424,349	34,317,249	. . . . .
1848, . .	130,203,709	7,986,806	138,190,515	16,356,319	132,282,325	148,638,644	. . . . .	10,448,129
1849, . .	131,710,081	8,641,091	140,351,172	15,726,425	125,479,774	141,206,199	. . . . .	855,027
1850, . .	134,900,233	9,475,493	144,375,726	18,081,590	155,427,936	173,509,526	. . . . .	29,133,800
1851, . .	178,620,138	10,295,121	188,915,259	19,653,084	191,118,345	210,771,429	. . . . .	21,856,170
1852, . .	154,931,147	12,053,084	166,984,231	24,187,890	183,252,508	207,440,398	. . . . .	40,456,166
1853, . .	189,869,162	13,620,120	203,489,282	27,182,152	236,595,113	263,777,265	. . . . .	60,287,983
1854, . .	215,328,300	21,715,464	237,043,764	25,760,447	272,043,347	297,803,794	. . . . .	60,760,030
1855, . .	192,751,135	26,158,368	218,909,503	36,430,524	221,378,184	257,808,708	. . . . .	38,899,205
1856, . .	266,438,051	14,781,372	281,219,423	52,748,074	257,684,236	310,432,310	. . . . .	29,212,887
1857, . .	278,906,713	14,917,047	293,823,760	54,267,507	294,160,835	348,428,342	. . . . .	54,604,582
1858, . .	251,351,033	20,660,241	272,011,274	61,044,779	202,293,875	263,338,654	8,672,620	. . . . .

a Nine months.

CC-0. In Public Domain. Gurukul Kangri Collection, Haridwar

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TABLE No. 17—*Continued.*

YEAR ENDING	Exports.			Imports.			Excess of	
	Domestic.	Foreign.	Total.	Free.	Dutiable.	Total.	Exports.	Imports.
June 30,								
1859, . .	$ 278,392,080	$ 14,509,971	$ 292,902,051	$ 72,286,327	$ 259,047,014	$ 331,333,341	. . . . .	$ 38,431,290
1860, . .	316,242,423	17,333,634	333,576,057	73,741,479	279,874,640	353,616,119	. . . . .	20,040,062
1861, . .	204,899,616	14,654,217	219,553,833	71,130,351	218,180,191	289,310,542	. . . . .	69,756,709
1862, . .	179,644,024	11,026,477	190,670,501	52,721,633	136,635,024	189,356,677	$ 1,313,824	. . . . .
1863, . .	186,003,912	17,960,535	203,964,447	35,241,924	208,093,891	243,335,815	. . . . .	39,371,368
1864, . .	143,504,027	15,333,961	158,837,988	41,126,332	275,320,951	316,447,283	. . . . .	157,609,295
1865, . .	136,940,248	29,089,055	166,029,303	44,519,516	194,226,064	238,745,580	. . . . .	72,716,277
1866, . .	337,518,102	11,341,420	348,859,522	59,028,526	375,783,540	434,812,066	. . . . .	85,952,544
1867, . .	279,786,809	14,719,332	294,506,141	23,133,495	372,627,601	395,761,096	. . . . .	101,254,955
1868, . .	269,389,900	12,562,999	281,952,899	15,190,781	342,245,659	357,436,440	. . . . .	75,483,541
1869, . .	275,166,697	10,951,000	286,117,697	21,646,692	395,859,687	417,506,379	. . . . .	131,388,682
1870, . .	376,616,473	16,155,295	392,771,768	20,140,786	415,817,622	435,958,408	. . . . .	43,186,640
1871, . .	428,398,908	14,421,270	442,820,178	36,587,737	483,635,947	520,223,684	. . . . .	77,403,506
1872, . .	428,487,131	15,690,455	444,177,586	47,267,213	579,327,864	626,595,077	. . . . .	182,417,491
1873, . .	505,033,439	17,446,483	522,479,922	144,815,884	497,320,326	642,136,210	. . . . .	119,656,288
1874, . .	569,433,421	16,849,619	586,283,040	151,481,762	415,924,580	567,406,342	18,876,698	. . . . .
1875, . .	499,284,100	14,158,611	513,442,711	146,279,927	386,725,509	533,005,436	. . . . .	19,562,725
1876, . .	525,582,247	14,802,424	540,384,671	140,361,913	320,379,277	460,741,190	79,643,481	. . . . .
1877, . .	589,670,224	12,804,996	602,475,220	140,788,452	310,534,674	451,323,126	151,152,094	. . . . .
1878, . .	680,709,268	14,156,498	694,865,766	141,278,265	295,773,267	437,051,532	257,814,234	. . . . .
1879, . .	698,340,790	12,098,651	710,439,441	142,681,505	303,096,270	445,777,775	264,661,666	. . . . .
1880, . .	823,946,353	11,692,305	835,638,658	208,301,863	459,652,883	667,954,746	167,683,912	. . . . .
1881, . .	883,925,947	18,451,399	902,377,346	202,491,547	440,173,081	642,664,628	259,712,718	. . . . .
1882, . .	733,239,732	17,302,525	750,542,257	210,579,007	514,060,567	724,639,574	25,902,683	. . . . .
1883, . .	804,223,632	19,615,770	823,839,402	207,504,718	515,676,196	723,180,914	100,658,488	. . . . .
1884, . .	724,964,852	15,548,757	740,513,609	209,884,184	457,813,509	667,697,693	72,815,916	. . . . .
1885, . .	726,682,946	15,506,809	742,189,755	193,213,624	384,313,705	577,527,329	164,662,426	. . . . .
1886, . .	665,964,529	13,560,301	679,524,830	212,159,296	423,276,840	635,436,136	44,088,694	. . . . .
1887, . .	703,022,923	13,160,288	716,183,211	234,221,131	458,098,637	692,319,768	23,863,443	. . . . .
1888, . .	683,862,104	12,092,403	695,954,507	244,071,615	479,885,499	723,957,114	. . . . .	28,002,607
1889, . .	730,282,609	12,118,766	742,401,375	256,487,078	488,644,574	745,131,652	. . . . .	2,730,277
1890, . .	845,293,828	12,534,856	857,828,684	265,668,629	523,641,780	789,310,409	68,518,275	. . . . .
1891, . .	872,270,283	12,210,527	884,480,810	366,241,352	478,674,844	844,916,196	39,564,614	. . . . .
1892, . .	1,015,732,011	14,546,137	1,030,278,148	457,999,658	369,402,804	827,402,462	202,875,686	. . . . .
1893, . .	831,030,785	16,634,409	847,665,194	444,544,211	421,856,711	866,400,922	. . . . .	18,735,728
1894, . .	869,204,937	22,935,635	892,140,572	379,795,536	275,199,086	654,994,622	237,145,950	. . . . .
1895, . .	793,392,599	14,145,566	807,538,165	363,233,795	368,736,170	731,969,965	75,568,200	. . . . .

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TABLE NO. 18.

Exports and Imports of Gold and Silver Coin and Bullion from 1821 to 1895 (United States).

YEAR ENDING	Gold.				Silver.		
	Exports.	Imports.	Excess of		Exports.	Imports.	Excess of Exports over Imports.
			Exports over Imports.	Imports over Exports.			
September 30,							
1821,					$ 10,478,059	$ 8,064,890	
1822,					10,810,180	3,369,846	
1823,					6,372,987	5,097,896	
1824,					7,014,552	8,378,970	
1825,	$ 315,672	$ 529,277			8,481,383	5,621,488	
1826,	1,056,088	678,740			3,648,475	6,202,226	
1827,	1,493,777	1,110,448			6,142,391	7,040,682	
1828,	1,635,084	808,220			6,608,392	6,681,521	
1829,	1,573,258	816,666			3,350,762	6,586,946	
1830,	1,422,664	821,146			756,109	7,334,818	
1831,	2,979,529	932,029			6,035,402	6,373,916	
1832,	2,049,406	716,686			3,606,934	5,190,818	
1833,	889,505	611,852			1,722,196	6,458,516	
1834,	690,180	3,776,172			1,386,578	14,145,460	
1835,	1,355,280	2,325,196			5,122,495	10,806,251	
1836,	647,455	7,231,862			3,676,881	6,169,019	
1837,	3,213,735	2,431,814			2,762,514	8,084,600	
1838,	1,213,204	11,674,883			2,294,842	6,072,233	
1839,	4,800,768	1,164,580			3,976,075	4,430,596	
1840,	3,703,373	3,085,157			4,713,641	5,797,656	
1841,	3,589,869	1,269,449			6,444,463	3,719,184	
1842,	2,304,756	757,294			2,508,783	3,329,722	
June 30—							
1843*a*,	407,687	17,066,437			1,113,104	5,253,898	
1844,	1,366,521	1,613,304			4,087,693	4,217,125	
1845,	3,055,425	818,850			5,551,070	3,251,392	
1846,	2,053,199	910,413			1,852,069	2,867,319	
1847,	1,037,921	21,574,931			869,103	2,546,358	
1848,	11,071,197	3,408,755			4,770,419	2,951,529	
1849,	1,972,233	4,068,647			3,432,415	2,582,593	

NOTE.—Gold and silver not separately stated in domestic exports before 1864; and likely all gold.

a Nine months.

TABLE No. 18—*Continued.*

YEAR ENDING	Gold.				Silver.		
	Exports.	Imports.	Excess of		Exports.	Imports.	Excess of Exports over Imports.
			Exports over Imports.	Imports over Exports.			
June 30—							
1850,	$ 4,560,627	$ 1,776,706			$ 2,962,367	$ 2,852,086	
1851,	22,836,913	3,569,090			6,635,839	1,884,413	
1852,	40,073,979	3,658,059			2,600,156	1,846,985	
1853,	25,442,858	2,427,356			2,044,017	1,774,026	
1854,	40,554,464	3,031,964			727,040	3,726,623	
1855,	55,109,215	1,092,802			1,138,128	2,567,010	
1856,	45,000,977	990,305			744,508	3,217,327	
1857,	65,232,653	6,654,636			3,904,269	5,807,163	
1858,	50,002,804	11,566,068			2,630,343	7,708,428	
1859,	61,108,053	2,125,397			2,779,358	5,309,392	
1860,	58,446,039	2,508,786			8,100,200	6,041,349	
1861,	27,423,973	42,291,930			2,367,107	4,047,681	
1862,	35,439,903	13,907,011			1,447,737	2,508,041	
1863,	62,162,838	5,539,538			1,993,773	4,053,567	
1864,	100,661,634	11,176,769	$ 89,484,865		4,734,907	1,938,843	$ 2,796,064
1865,	58,381,033	6,498,228	51,882,805		9,262,193	3,311,844	5,950,349
1866,	71,197,309	8,196,261	63,001,048		14,846,762	2,503,831	12,342,931
1867,	39,026,627	17,024,866	22,001,761		21,841,745	5,045,609	16,796,136
1868,	72,396,344	8,737,443	63,658,901		21,387,758	5,450,925	15,936,833
1869,	36,003,498	14,132,568	21,870,930		21,134,882	5,675,308	15,459,574
1870,	33,635,962	12,056,950	21,579,012		24,519,704	14,362,229	10,157,475
1871,	66,686,208	6,883,561	59,802,647		31,755,780	14,386,463	17,369,317
1872,	49,548,760	8,717,458	40,831,302		30,328,774	5,026,231	25,302,543
1873,	44,856,715	8,682,447	36,174,268		39,751,859	12,798,490	26,953,369
1874,	34,042,420	19,503,137	14,539,283		32,587,985	8,951,769	23,636,216
1875,	980,977	13,696,793	53,284,184		25,151,165	7,203,924	17,947,241
1876,	177,050	7,992,709	23,184,341		25,329,252	7,943,972	17,385,280
1877,	26,590,374	26,246,234	344,140		29,571,863	14,528,180	15,043,683
1878,	9,204,445	13,330,215		$ 4,125,760	24,535,670	16,491,099	8,044,571
1879,	4,587,614	5,624,948		1,037,334	20,409,827	14,671,052	5,738,775
1880,	3,639,025	80,758,396		77,119,371	13,503,894	12,275,914	1,227,980
1881,	2,565,132	100,031,259		97,466,127	16,841,715	10,544,238	6,297,477

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TABLE NO. 18—*Continued.*

YEAR ENDING	Gold.				Silver.		
	Exports.	Imports.	Excess of		Exports.	Imports.	Excess of Exports over Imports.
			Exports over Imports.	Imports over Exports.			
June 30—							
1882,	$ 32,587,880	$ 34,377,054	. . . . .	$ 1,789,174	$ 16,829,599	$ 8,095,336	$ 8,734,263
1883,	11,600,888	17,734,149	. . . . .	6,133,261	20,219,445	10,755,242	9,464,203
1884,	41,081,957	22,831,317	$ 18,250,640	. . . . .	26,051,426	14,594,945	11,456,481
1885,	8,477,892	26,691,696	. . . . .	18,213,804	33,753,633	16,550,627	17,203,006
1886,	42,952,191	20,743,349	22,208,842	. . . . .	29,511,219	17,850,307	11,660,912
1887,	9,701,187	42,910,601	. . . . .	33,209,414	26,296,504	17,260,191	9,036,313
1888,	18,376,234	43,934,317	. . . . .	25,558,083	28,037,949	15,403,669	12,634,280
1889,	59,952,285	10,284,858	49,667,427	. . . . .	36,689,248	18,678,215	18,011,033
1890,	17,274,491	12,943,342	4,331,149	. . . . .	34,873,929	21,032,984	13,840,945
1891,	86,362,654	18,232,567	68,130,087	. . . . .	22,590,988	18,026,880	4,564,108
1892,	50,195,327	49,699,454	495,873	. . . . .	32,810,559	19,955,086	12,855,473
1893,	108,680,844	21,174,381	87,506,463	. . . . .	40,737,319	23,193,252	17,544,067
1894,	76,978,061	72,449,119	4,528,942	. . . . .	50,451,265	13,286,552	37,164,713
1895,*a*	66,468,481	36,384,760	30,083,721	. . . . .	47,295,286	20,211,179	27,084,107

a Includes gold and silver in ore.

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TABLE No. 19.

Table Showing Receipts of the United States from 1789 to June 30, 1895. Compiled from Government Statistics.

YEARS.	Customs.	Internal Revenue.	Direct Tax.	Public Lands.	Premiums.	Miscellaneous Receipts.	Total Net Ordinary Receipts Excluding Loans.
1789–1791,	$ 4,399,473.09	. . . . .	. . . . .	. . . . .	. . . . .	$ 10,478.10	$ 4,409,951.19
1792,	3,443,070.85	$ 208,942.81	. . . . .	. . . . .	. . . . .	17,946.65	3,669,960.31
1793,	4,255,306.56	337,705.70	. . . . .	. . . . .	. . . . .	59,910.88	4,652,923.14
1794,	4,801,065.28	274,089.62	. . . . .	. . . . .	. . . . .	356,749.97	5,431,904.87
1795,	5,588,461.26	337,755.36	. . . . .	. . . . .	. . . . .	193,117.97	6,114,534.59
1796,	6,567,987.94	475,289.60	. . . . .	$ 4,836.13	. . . . .	1,372,215.98	8,377,529.65
1797,	7,549,649.65	575,491.45	. . . . .	83,540.60	. . . . .	480,099.29	8,688,780.99
1798,	7,106,061.93	644,357.95	. . . . .	11,963.11	. . . . .	216,787.81	7,900,495.80
1799,	6,610,449.31	779,136.44	. . . . .	. . . . .	. . . . .	157,227.56	7,546,813.31
1800,	9,080.932.73	809,396.55	$ 734,223.97	443.75	. . . . .	223,752.10	10,848,749.10
1801,	10,750,778.93	1,048,033.43	534,343.38	167,726.06	. . . . .	444.574.15	12,935,330.95
1802,	12,438,235.74	621,898.89	206,565.44	188,628,02	. . . . .	1,540,465.86	14,995,793.95
1803,	10,479,417.61	215,179.69	71,879.20	165,675.69	. . . . .	131,945.44	11,064,097.63
1804,	11,098,565.33	50,941.29	50,198.44	487,526.79	. . . . .	139,075.53	11,826,307.38
1805,	12,936,487.04	21,747.15	21,882.91	540,193.80	. . . . .	40,382.30	13,560.693.20
1806,	14,667,698.17	20,101.45	55,763.86	765,245.73	. . . . .	51,121.86	15,559,931.07
1807,	15,845,521.61	13,051.40	34,732.56	466,163.27	. . . . .	38,550.42	16,398,019.26
1808,	16,363,550.58	8,190.23	19,159.21	647,939.06	. . . . .	21,822.85	17,060,661.93
1809,	7,257,506.62	4,034.29	7,517.31	442,252.33	. . . . .	62,162.57	7,773,473.12
1810,	8,583,309.31	7,430.63	12,448.68	696,548.82	. . . . .	84,476.84	9,384,214.28
1811,	13,313,222.73	2,295.95	7,666.66	1,040,237.53	. . . . .	59,211.22	14,422,634.09
1812,	8,958,777.53	4,903.06	859.22	710,427.78	. . . . .	126,165.17	9,801,132.76
1813,	13,224,623 25	4,755.04	3,805.52	835,655.14	. . . . .	271,871.00	14,340,409.95
1814,	5,998,772.08	1,662,984.82	2,219,497.36	1,135,971.09	. . . . .	164,485.60	11,181,625.16
1815,	7,282,942.22	4,678,059.07	2,162,673.41	1,287,959.28	$ 32,107.64	296,824.58	15,696,916.82
1816,	36,306,874.88	5,124,708.31	4,253,635.09	1,717,985.03	686.09	342,447.51	47,676,985.66
1817,	26,283,348.49	2,678,100.77	1,834,187.04	1,991,226.06	. . . . .	580.006.52	33,099,049.74
1818,	17,176,385.00	955,270.20	264,333.36	2,606,564.77	. . . . .	583,030.33	21,585,171.04
1819,	20,283,608.76	229,593.63	83,650.78	3,274,422.78	. . . . .	732,098.42	24,603,374.37
1820,	15,005,612.15	106,260.53	31,586.82	1,635,871.61	40,000.00	1,061,338.44	17,840,669.55
1821,	13,004,447.15	69,027.63	29,349.05	1,212,966.46	. . . . .	251,589.43	14,573,379.72
1822,	17,589,761.94	67,665.71	20,961.56	1,803,581.54	. . . . .	750,457.19	20,232,427.94
1823,	19,088,433.44	34,242.17	10,337.71	916,523.10	. . . . .	491,129.84	20,540,666.26
1824,	17,878,325.71	34,663.37	6,201.96	984,418.15	. . . . .	477,603.60	19,381,212.79
1825,	20,098,713.45	25,771.35	2,330.85	1,216,090.56	. . . . .	497,951.81	21,840,858.02
1826,	23,341,331.77	21,589.93	6,638.76	1,393,785.09	. . . . .	497,088.66	25,260,434.21

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TABLE No. 19—*Continued.*

YEARS.	Customs.	Internal Revenue.	Direct Tax.	Public Lands.	Premiums.	Miscellaneous Receipts.	Total Net Ordinary Receipts Excluding Loans.
1827,	$19,712,283.29	$ 19,885.68	$ 2,626.90	$ 1,495,845.26	. . . . .	$ 1,735,722.83	$22,966,363.96
1828,	23,205,523.64	17,451.54	2,218.81	1,018,308.75	. . . . .	520,126.49	24,763,629.23
1829,	22,681,965.91	14,502.74	11,335.05	1,517,175.13	. . . . .	602,648.55	24,827,627.38
1830,	21,922,391.39	12,160.62	16,980.59	2,329,356.14	. . . . .	563,227.77	24,844,116.51
1831,	24,224,441.77	6,933.51	10,506.01	3,210,815.48	. . . . .	1,074,124.05	28,526,820.82
1832,	28,465,237.24	11,630.65	6,791.13	2,623,381.03	. . . . .	760,410.61	31,867,450.66
1833,	29,032,508.91	2,759.00	394.12	3,967,682.55	. . . . .	945,081.67	33,948,426.25
1834,	16,214,957.15	4,196.09	19.80	4,857,600.69	. . . . .	715,161.82	21,791,935.55
1835,	19,391,310.59	10,459.48	4,263.33	14,757,600.75	. . . . .	1,266,452.95	35,430,087.10
1836,	23,409,940.53	370.00	728.79	24,877,179.86	. . . . .	2,538,576.90	50,826,796.08
1837,	11,169,290.39	5,493.84	1,687.70	6,776,236.52	. . . . .	7,001,444.59	24,954,153.04
1838,	16,158,800.36	2,467.27	. . . . .	3,730,945.66	. . . . .	6,410,348.45	26,302,561.74
1839,	23,137,924.81	2,553.32	755.22	7,361,576.40	. . . . .	979,939.86	31,482,749.61
1840,	13,499,502.17	1,682.25	. . . . .	3,411,818.63	. . . . .	2,567,112.28	19,480,115.33
1841,	14,487,216.74	3,261.36	. . . . .	1,365,627.42	. . . . .	1,004,054.75	16,860,160.27
1842,	18,187,908.76	495.00	. . . . .	1,335,797.52	. . . . .	451,995.97	19,976,197.25
1843,	7,046,843.91	103,25	. . . . .	898,158.18	$ 71,700.83	285,895.92	8,231,001.26
1844,	26,183,570.94	1,777.34	. . . . .	2,059,939.80	666.60	1,075,419.70	29,320,707.78
1845,	27,528,112.70	3,517.12	. . . . .	2,077,022.30	. . . . .	361,453.68	29,970,105.80
1846,	26,712,667.87	2,897.26	. . . . .	2,694,452.48	. . . . .	289,950.13	29,699,967.74
1847,	23,747,864.66	375.00	. . . . .	2,498,355.20	28,365.91	220,808.30	26,467,403.16
1848,	31,757,070.96	375.00	. . . . .	3,328,642.56	37,080.00	612,610.69	35,698,699.21
1849,	28,346,738.82	. . . . .	. . . . .	1,688,959.55	487,065.48	685,379.13	30,721,077.50
1850,	39,668,686.42	. . . . .	. . . . .	1,859,894.25	10,550.00	2,064,308.21	43,592,888.88
1851,	49,017,567.92	. . . . .	. . . . .	2,352,305.30	4,264.92	1,185,166.11	52,555,039.33
1852,	47,339,326.62	. . . . .	. . . . .	2,043,239.58	. . . . .	464,249.40	49,846,815.60
1853,	58,931,865.52	. . . . .	. . . . .	1,667,084.99	22.50	988,081.17	61,587,031.68
1854,	64,224,190.27	. . . . .	. . . . .	8,470,798.39	. . . . .	1,105,352.74	73,800,341.40
1855,	53,025,794.21	. . . . .	. . . . .	11,497,049.07	. . . . .	827,731.40	65,350,574.68
1856,	64,022,863.50	. . . . .	. . . . .	8,917,644.93	. . . . .	1,116,190.81	74,056,699.24
1857,	63,875,905.05	. . . . .	. . . . .	3,829,486.64	. . . . .	1,259,920.88	68,965,312.57
1858,	41,789,620.96	. . . . .	. . . . .	3,513,715.87	. . . . .	1,352,029.13	46,655,365.96
1859,	49,565,824.38	. . . . .	. . . . .	1,756,687.30	709,357.72	1,454,596.24	52,777,107.92
1860,	53,187,511.87	. . . . .	. . . . .	1,778,557.71	10,008.00	1,088,530.25	56,054,599.83
1861,	39,582,125.64	. . . . .	. . . . .	870,658.54	33,630.90	1,023,515.31	41,476,299.49
1862,	49,056,397.62	. . . . .	1,795,331.73	152,203.77	68,400.00	915,327.97	51,919,261.09
1863,	69,059,642.40	37,640,787.95	1,485,103.61	167,617.17	602,345.44	3,741,794.38	112,094,945.51
1864,	102,316,152.99	109,741,134.10	475,648.96	588,333.29	21,174,101.01	30,291,701.86	243,412,971.20

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CC-0. In Public Domain. Gurukul Kangri Collection, Haridwar

TABLE No. 19—*Continued.*

YEARS.	Customs.	Internal Revenue.	Direct Tax.	Public Lands.	Premiums.	Miscellaneous Receipts.	Total Net Ordinary Receipts Excluding Loans.
1865,	$ 84,928,260.60	$209,464,215.25	$1,200,573.03	$ 996,553.31	$11,683,446.89	$25,441,556.00	$322,031,158.19
1866,	179,046,651.58	309,226,813.42	1,974,754.12	665,031.03	38,083,055.68	29,036,314.23	519,949,564.38
1867,	176,417,810.88	266,027,537.43	4,200,233.70	1,163,575.76	27,787,330.35	15,037,522.15	462,846,679.92
1868,	164,464,599.56	191,087,589.41	1,788,445.85	1,348.715.41	29,203,629.50	17,745,403.59	376,434,453.82
1869,	180,048,426.63	158,356,460.86	765,685.61	4,020,344.34	13,755,491.12	13,997,338.65	357,188,256.09
1870,	194,538,374.44	184,899,756.49	229,102.88	3,350,481.76	15,295,643.76	12,942,118.30	395,959,833.87
1871,	206,270,408.05	143,098,153.63	580,355.37	2,388,646.68	8,892,839.95	22,093,541.21	374,431,104.94
1872,	216,370,286.77	130,642,177.72	. . . . .	2,575,714.19	9,412,637.65	15,106,051.23	364,694,229.91
1873,	188,089,522.70	113,729,314.14	315,254.51	2,882,312.38	11,560,530.89	17,161,270.05	322,177,673.78
1874,	163,103;833.69	102,409,784.90	. . . . .	1,852,428,93	5,037,665.22	32,575,043.32	299,941,090.84
1875,	157,167,722.35	110,007,493.58	. . . . .	1,413,640.17	3,979,279.69	15,431,915.31	284,020,771.41
1876,	148,071,984.61	116,700,732.03	93,798.80	1,129,466.95	4,029,280 58	24,070,602.31	290,066,584.70
1877,	130,956,493.07	118,630,407.83	. . . . .	976,253.68	405,776.58	18,031,655.46	269,000,586.62
1878,	130,170,680.20	110,581,624.74	. . . . .	1,079,743.37	317,102.30	15,614,728.09	257,763,878.70
1879,	137,250,047.70	113,561,610.58	. . . . .	924,781.06	1,505,047.63	20,585,697.49	273,827,184.46
1880,	186,522,064.60	124,009,373.92	30.85	1,016,506.60	110.00	21,978,525.01	333,526,610.98
1881,	198,159,676.02	135,264,385.51	1,516.89	2,201,863.17	. . . . .	25,154,850.98	360,782,292.57
1882,	.220,410,730.25	146,497,595.45	160,141.69	4,753,140.37	. . . . .	31,703,642.52	403,525,250.28
1883,	214,706,496.93	144,720,368.98	108,156.60	7,955,864.42	. . . . .	30,796,695.02	398,287,581.95
1884,	195,067,489.76	121,586,072.51	70,720.75	9,810,705.01	. . . . .	21,984,881.89	348,519,869.92
1885,	181,471,939.34	112,498,725.54	. . . . .	5,705,986.44	. . . . .	24,014,055.06	323,690,706.38
1886,	192,905,023.44	116,805,936.48	108,239.94	5,630,999.34	. . . . .	20,989,527.86	336,439,727.06
1887,	217,286,893.13	118,823,391.22	32,892.05	9,254,286.42	. . . . .	26,005,814.84	371,403,277.66
1888,	219,019,173,63	124,296,871.98	1,565.82	11,202,017.23	. . . . .	24,674,446.10	379,266,074.76
1889,	223,832,741.69	130,881,513.92	. . . . .	8,038,651.79	. . . . .	24,297,151.44	387,050,058.84
1890,	229,668,584.57	142,606,705.81	. . . . .	6,358,272.51	. . . . .	24,447,419.74	403,080,982.63
1891,	219,522,205.23	145,686,249.44	. . . . .	4,029,535.41	. . . . .	23,374,457.23	392,612,447.31
1892,	177,452,964.15	153,971,072.57	. . . . .	3,261,875.58	. . . . .	20,251,871.94	354,937,784.24
1893,	203,355,016.73	161,027,623.93	. . . . .	3,182,089.78	. . . . .	18,254,898.34	385,819,628.78
1894,	131,818,530.62	147,111,232.81	. . . . .	1,673,637.30	. . . . .	17,118,618.52	297,722,019.25
1895,	152,158,617.00	143,421,672.00	. . . . .	1,103,347.00	. . . . .	16,706,438.00	313,390,075.00

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CC-0. In Public Domain. Gurukul Kangri Collection, Haridwar

TABLE No. 20.

Table Showing the Expenditures of the United States from March 4, 1789, to June 30, 1895.

Compiled from Government Statistics.

YEARS.	Civil and Miscellaneous.	War.	Navy.	Indians	Pensions.	Premiums.	Interest.	Total Net Ordinary Expenditures, Excluding Interest.
1789–1791	$1,083,971.61	$632,804.03	. . . . .	$27,000.00	$175,813.88	. . . . .	$1,177,863.03	$1,919,589.52
1792	4,672,664.38	1,100,702.09	. . . . .	13,648.85	109,243.15	. . . . .	2,373,611.28	5,896,258.47
1793	511,451.01	1,130,249.08	. . . . .	27,283.83	80,087.81	. . . . .	2,097,859.17	1,749,070.73
1794	750,350.74	2,639,097.59	$61,408.97	13,042.46	81,399.24	. . . . .	2,752,523.04	3,545,299.00
1795	1,378,920.66	2,480,910.13	410,562.03	23,475.68	68,673.22	. . . . .	2,947,059.06	4,362,541.72
1796	801,847.58	1,260,263.84	274,784.04	113,563.98	100,843.71	. . . . .	3,239,347.68	2,551,303.15
1797	1,259,422.62	1,039,402.46	382,631.89	62,396.58	92,256.97	. . . . .	3,172,516.73	2,836,110.52
1798	1,139,524.94	2,009,522.30	1,381,347.76	16,470.09	104,845.33	. . . . .	2,955,875.90	4,651,710.42
1799	1,039,391.68	2,466,946.98	2,858,081.84	20,302.19	95,444.03	. . . . .	2,815,651.41	6,480,166.72
1800	1,337,613.22	2,560,878.77	3,448,716.03	31.22	64,130.73	. . . . .	3,402,601.04	7,411,369.97
1801	1,114,768.45	1,672,944.08	2,111,424.00	9,000.00	73,533.37	. . . . .	4,411,830.06	4,981,669.90
1802	1,462,929.40	1,179,148.25	915,561.87	94,000.00	85,440.39	. . . . .	4,239,172.16	3,737,079.91
1803	1,842,635.76	822,055.85	1,215,230.53	60,000.00	62,902.10	. . . . .	3,949,462.36	4,002,824.24
1804	2,191,009.43	875,423.93	1,189,832.75	116,500.00	80,092.80	. . . . .	4,185,048.74	4,452,858.91
1805	3,768,598.75	712,781.28	1,597,500.00	196,500.00	81,854.59	. . . . .	2,657,114.22	6,357,234.62
1806	2,890,137.01	1,224,355.38	1,649,641.44	234,200.00	81,875.53	. . . . .	3,368,968.26	6,080,209.36
1807	1,697,897.51	1,288,685.91	1,722,064.47	205,425.00	70,500.00	. . . . .	3,369,578.48	4,984,572,89
1808	1,423,285.61	2,900,834.40	1,884,067.80	213,575.00	82,576.04	. . . . .	2,557,074.23	6,504,338.85
1809	1,215,803.79	3,345,772.17	2,427,758.80	337,503.84	87,833.54	. . . . .	2,866,074.90	7,414,672.14
1810	1,101,144.98	2,294,323.94	1,654,244.20	177,625.00	83,744.16	. . . . .	3,163,671.09	5,311,082.28
1811	1,367,291.40	2,032,828.19	1,965,566.39	151,875.00	75,043.88	. . . . .	2,585,435.57	5,592,604.86
1812	1,683,088.21	11,817,798.24	3,959,365.15	277,845.00	91,402.10	. . . . .	2,451,272.57	17,829,498.70
1813	1,729,435 61	19,652,013.02	6,446,600.10	167,358.28	86,989.91	. . . . .	3,599,455.22	28,082,396.92
1814	2,208,029.70	20,350,806.86	7,311,290.60	167,394.86	90,164.36	. . . . .	4,593,239.04	30,127,686.38
1815	2,898,870.47	14,794,294.22	8,660,000.25	530,750.00	69,656.06	. . . . .	5,990,090.24	26,953,571.00
1816	2,989,741.17	16,012,096.80	3,908,278.30	274,512.16	188,804.15	. . . . .	7,822,923.34	23,373,432.58
1817	3,518,936.76	8,004,236.53	3,314,598.49	319,463.71	297,374.43	. . . . .	4,536,282.55	15,454,609.92
1818	3,835,839.51	5,622,715.10	2,953,695.00	505,704.27	890,719.90	. . . . .	6,209,954.03	13,808,673.78
1819	3,067,211.41	6,506,300.37	3,847,640.42	463,181.39	2,415,939.85	. . . . .	5,211,730.56	16,300,273.44
1820	2,592,021.94	2,630,392.31	4,387,990.00	315,750.01	3,208,376.31	. . . . .	5,151,004.32	13,134,530.57
1821	2,223,121.54	4,461,291.78	3,319,243.06	477,005.44	242,817.25	. . . . .	5,126,073.79	10.723,479.07
1822	1,967,996.24	3,111,981.48	2,224,458.98	575,007.41	1,948,199.40	. . . . .	5,172,788.79	9,827,643.51
1823	2,022,093.99	3,096,924.43	2,503,765.83	380,781.82	1,780,588.52	. . . . .	4,922,475.40	9,784,154.59

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CC-0. In Public Domain. Gurukul Kangri Collection, Haridwar

TABLE NO. 20—*Continued.*

YEARS.	Civil and Miscellaneous.	War.	Navy.	Indians.	Pensions.	Premiums.	Interest.	Total Net Ordinary Expenditures, Excluding Interest.
1824	$7,155,308.81	$3,340,939.85	$2,904,581.56	$429,987.90	$1,499,326.59	. . . . .	$4,943,557.93	$15,330,144.71
1825	2,748,544.89	3,659,914.18	3,049,083.86	724,106.44	1,308,810.57	. . . . .	4,366,757.40	11,490,459.94
1826	2,600,177.79	3,943,194.37	4,218,902.45	743,447.83	1,556,593.83	. . . . .	3,975,542.95	13,062,316.27
1827	2,713,476.58	3,948,977.88	4,263,877.45	750,624.88	976,138.86	. . . . .	3,486,071.51	12,653,095.65
1828	3,676,052.64	4,145,544.56	3,918,786.44	705,084.24	850,573.57	. . . . .	3,098,800.60	13,296,041.45
1829	3,082,234.65	4,724,291.07	3,308,745.47	576,344.74	949,594.47	. . . . .	2,542,843.23	12,641,210.40
1830	3,237,416.04	4,767,128.88	3,239,428.63	622,262.47	1,363,297.31	. . . . .	1,912,574.93	13,229,533.33
1831	3,064,646.10	4,841,835.55	3,856,183.07	930,738.04	1,170,665.14	. . . . .	1,373,748.74	13,864,067.90
1832	4,577,141.45	5,446,034.88	3,956,370.29	1,352,419.75	1,184,422.40	. . . . .	772,561.50	16,516,388.77
1833	5,716,245.93	6,704,019.10	3,901,356.75	1,802,980.93	4,589,152.40	. . . . .	303,796.87	22,713,755.11
1834	4,404,728.95	5,696,189.38	3,956,260.42	1,103,953.20	3,364,285.30	. . . . .	202,152.98	18,425,417.25
1835	4,229,698.53	5,759,156.89	3,864,939.06	1,706,444.48	1,954,711.32	. . . . .	57,863.08	17,514,950.28
1836	5,393,279.72	11,747,345.25	5,807,718.23	5,037,022.88	2,882,797.96	. . . . .	. . . . .	30,868,164.04
1837	9,893,370.27	13,682,730.80	6,646,914.53	4,348,036.19	2,672,162.45	. . . . .	. . . . .	37,242,214.24
1838	7,160,664.76	12,897,224.16	6,131,580.53	5,504,191.34	2,156,057.29	. . . . .	14,996.48	33,849,718.08
1839	5,725,990,89	8,916,995.80	6,182,294.25	2,528,917.28	3,142,750.51	. . . . .	399,833.89	26,496,948.73
1840	5,995,398.96	7,095,267.23	6,113,896.89	2,331,794.86	2,603,562.17	. . . . .	174,598.08	24,139,920.11
1841	6,490,881.45	8,801,610.24	6,001,076.97	2,514,837.12	2,388,434.51	. . . . .	284,977.55	26,196,840.29
1842	6.775,624.61	6,610,438.02	8,397,242.95	1,199,099.68	1,378,931.33	. . . . .	773,549.85	24,361,336.59
1843	3,202,713.00	2,908,671.95	3,727,711.53	578,371.00	839,041.12	. . . . .	523,583.91	11,256,508.60
1844	5,645,183.86	5,218,183.66	6,498,199.11	1,256,532.39	2,032,008.99	. . . . .	1,833,452.13	20,650,108.01
1845	5,911,760.98	5,746,291.28	6,297,177.89	1,539,351.35	2,400,788.11	$18,231.43	1,040,458.18	21,895,369.61
1846	6,711,283.89	10,413,370.58	6,455.013.92	1,027,693.64	1,811,097.56	. . . . .	842,723.27	26,418,459.59
1847	6,885,608.35	35,840,030.33	7,900,635.76	1,430,411.60	1,744,883.63	. . . . .	1,119,214.72	53,801,569.37
1848	5,650,851.25	27,688,334.21	9,408,476.02	1,252,296.81	1,227,496.48	. . . . .	2,390,765.88	45,227,454.77
1849	12,885,334.24	14,558,473.26	9,786,705.92	1,374,161.55	1,328,867.64	82,865.81	3,565,535.78	39,933,542.61
1850	16,043,763.36	9,687,024.58	7,904,724.66	1,663,591.47	1,866,886.02	. . . . .	3,782,393.03	37,165,990.09
1851	17,888,992.18	12,161,965.11	8,880,581.38	2,829,801.77	2,293,377.22	69,713.19	3,696,760.75	44,054,717.66
1852	17,504,171.45	8,521,506.19	8,918,842.10	3,043,576.04	2,401,858.78	170,063.42	4,000,297.80	40,389,954.56
1853	17,463,068.01	9,910,498.49	11,067,789.53	3,880,494.12	1,756,306.20	420,498.64	3,665,832.74	44,078,156.35
1854	26,672,144.68	11,722,282.87	10,790,096.32	1,550,339.55	1,232,665.00	2,877,818.69	3,070,926.69	51,967,528.42
1855	24,090,425.43	14,648,074.07	13,327,095.11	2,772,990.78	1,477,612.33	872,047.39	2,314,464.99	56,316,197.72
1856	31,794,038.87	16,963,160.51	14,074,834.64	2,644,263.97	1,296,229.65	385,372.90	1,953,822.37	66,772,527.64
1857	28,565,498.77	19,159,150.87	12,651,694.61	4,354,418.87	1,310,380 58	363,572.39	1,593,265.23	66,041,143.70
1858	26,400,016.42	25,679,121.63	14,053,264.64	4,978,266.18	1,219,768.30	574,443.08	1,652,055.67	72,330,437.17
1859	23,797,544.40	23,154,720,53	14,690,927.90	3,490,534.53	1,222,222.71	. . . . .	2,637,649.70	66,355,950.07
1860	27,977,978.30	16,472,202.72	11,514,649.83	2,991,121.54	1,100,802.32	. . . . .	3,144,120.94	60,056,754.71

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TABLE NO. 20—*Continued.*

YEARS.	Civil and Miscellaneous.	War.	Navy.	Indians.	Pensions.	Premiums.	Interest.	Total Net Ordinary Expenditures, Excluding Interest.
1861	$23,327,287.69	$23,001,530.67	$12,387,156.52	$2,865,481.17	$1,034,599.73	. . . . .	$4,034,157.30	$62,616,055.78
1862	21,385,862.59	389,173,562.29	42,640,353.09	2,327,948.37	852,170.47	. . . . .	13,190,344.84	456,379,896.81
1863	23,198,382.37	603,314,411.82	63,261,235.31	3,152,032.70	1,078,513.36	. . . . .	24,729,700.62	694,004,575.56
1864	27,572,216.87	690,391,048.66	85,704,963.74	2,629,975.97	4,985,473.90	. . . . .	53,685,421.69	811,283,679.14
1865	42.989,383.10	1,030,690,400.06	122,617,434.07	5,059,360.71	16,347,621.34	$1,717,900.11	77,395,090.30	1,217,704,199.28
1866	40,613,114.17	283,154,676.06	43,285,662.00	3,295,729.32	15,605,549.88	58,476.51	133,067,724.91	385,954,731.43
1867	51,110,223.72	95,224,415.63	31,034,011.04	4,642,531.77	20,936,551.71	10,813,349.38	143,781,591.91	202,947,733.87
1868	53,009,867.67	123,246,648.62	25,775,502.72	4,100,682.32	23,782,386.78	7,001,151.04	140,424,045.71	229,915,088.11
1869	56,474,061,53	78,501,990.61	20,000,757.97	7,042,923,06	28,476,621.78	1,674,680.05	130,694,242.80	190,496,354.95
1870	53,237,461,56	57,655,675.40	21,780,229.87	3,407,938.15	28,340,202.17	15,996,555.60	129,235,498.00	164,421,507.15
1871	60,481,916.23	35,799,991.82	19,431,027.21	7,426,997.44	34,443,894.88	9,016,794.74	125,576,565.93	157,583,827.58
1872	60,984,757.42	35,372,157.20	21,249,809.99	7,061,728.82	28,533,402.76	6,958,266.76	117,357,839.72	153,201,856.19
1873	73,328,110.06	46,323,138.31	23,526,256.79	7,951,704.88	29,359,426.86	5,105,919.99	104,750,688.44	180,488,636.90
1874	*85,141,593.61	42,313,927.22	30,932,587.42	6,692,462.09	29,038,414.66	1,395,073.55	107,119,815.21	194,118,985.00
1875	71,070,702.98	41,120,645.98	21,497,626.27	8,384,656.82	29,456,216.22	. . . . .	103,093,544.57	171,529,848.27
1876	73,599,661.04	38,070,888.64	18,963,309.82	5,966,558.17	28,257,395.69	. . . . .	100,243,271.23	164,857,813.36
1877	56,252,066.60	37,082,735.90	14,959,935.36	5,277,007.22	27,963,752.27	. . . . .	97,124,511.58	141,535,497.35
1878	53,177,703.57	32,154,147.85	17,365,301.37	4,629,280.28	27,137,019.08	. . . . .	102,500,874.65	134,463,452.15
1879	65,741,555.49	40,425,660.73	15,125,126.84	5,206,109.08	35,121,482.39	. . . . .	105,327,949.co	161,619,934.53
1880	54,713,529.76	38,116,916.22	13,536,084.74	5,945,457.09	56,777,174.44	2,795,320.42	95,757,575.11	171,885,382.67
1881	64,416,324.71	40,466,460.55	15,686,671.66	6,514,161.09	50,059,279.62	1,061,248.78	82,508,741.18	177,142,897.63
1882	57,219,750.98	43,570,494.19	15,032,046.26	9,736,747.40	61,345,193.95	. . . . .	71,077,206.79	186,904,232.78
1883	68,678,022.21	48,911,382.93	15,283,437.17	7,362,590.34	66,012,573.64	. . . . .	59,160,131.25	206,248,006.29
1884	70,920,433.70	39,429,603.36	17,292,601.44	6,475,999.26	55,429,228.06	. . . . .	54,578,378.48	189,547,865.85
1885	87,494;258.38	42,670,578.47	16,021,079.67	6,552,494.63	56,102,267.49	. . . . .	51,386,256.47	208,840,678.64
1886	74,166,929.85	34,324,152.74	13,907,887.74	6,099,158.17	63,404,864.03	. . . . .	50,580,145.97	191,902,992.53
1887	85,264,825,59	38,561,025.85	15,141,126.80	6,194,522.69	75,029,101.79	. . . . .	47,741,577.25	220,190,602.72
1888	72,952,260.80	38,522,436.11	16,926,437.65	6,249,307.87	80,288,508.77	8,270,842.46	44,715,007.47	214,938,951.20
1889	80,664,064.26	44,435,270.85	21,378,809.31	6,892,207.78	87,624,779.11	17,292,362.65	41,001,484.29	240,995,131.31
1890	81,403,256.49	44,582,838.08	22,006,206.24	6,708,046.67	106,936,855.07	20,304,224.06	36,099,284.05	261,637,202.55
1891	110,048,167.49	48,720,065,01	26,113,896.46	8,527,469.01	124,415,951.40	10,401,220.61	37,547,135.37	317,825,549.37
1892	99,841,988.61	46,895,456.30	29,174,138.98	11,150,577.67	134,583,052.79	. . . . .	23,378,116.23	321,645,214.35
1893	88,715,501.93	49,641,773.47	30,136,084.43	13,345,347.27	159,357,557.87	. . . . .	27,264,392.18	326,455,492.11
1894	86,235,034.36	54,567,929.85	31,701,293.79	10,293,481.52	141,177,284.96	. . . . .	27,841,405.64	323,975,024.48
1895	93,279,730.00	51,804,759.00	28,797,796.00	9,939,754.00	141,395,229.00	. . . . .	30,978,030.00	325,217,268.00

*In this amount is included $15,000,000 invested under Geneva award.

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TABLE No. 21.

TABLE SHOWING RECEIPTS OF THE UNITED STATES FROM JUNE 30, 1896, TO JUNE 30, 1911.

Year.	Government receipts.[1]			Internal Revenue.	Excess of ordinary receipts (+) or ordinary disbursements [1] (—)
	Ordinary.		Customs.[2]		
	Total.	Per capita.			
	Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*
1896....	326,976,200	4.65	160,021,752	146,762,865	— 25,203,246
1897....	347,721,705	4.85	176,554,127	146,688,574	— 18,052,454
1898....	405,321,335	5.55	149,575,062	170,900,641	— 38,047,248
1899....	515,960,620	6.93	206,128,482	273,437,162	— 89,111,560
1900....	567,240,852	7.43	233,164,871	295,327,927	+ 79,527,060
1901....	587,685,338	7.56	238,585,456	370,180,664	+ 77,717,984
1902....	562,478,233	7.11	254,444,708	271,880,122	+ 91,287,376
1903....	560,396,675	6.93	284,479,582	230,810,124	+ 54,307,652
1904....	539,716,914	6.59	261,274,565	232,904,119	+ 7,479,093
1905....	544,606,759	6.54	261,798,857	234,095,741	— 18,753,335
1906....	594,717,942	7.02	300,251,878	249,150,213	+ 45,312,517
1907....	663,125,660	7.70	332,233,363	269,666,773	+111,420,531
1908....	601,060,723	6.87	286,113,130	251,711,127	— 20,041,667
1909....	603,589,490	6.79	300,711,934	246,212,644	— 58,734,955
1910....	675,511,715	7.48	333,683,445	[3] 289,933,519	+ 15,806,324
1911....	701,372,375	7.46	314,497,071	[3] 322,529,201	+ 57,235,377

[1] Fiscal years.
[2] Actual collections on account of duties and tonnage tax.
[3] Includes $20,951,780.97 corporation tax in 1910 and $33,516,977 in 1911.

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TABLE No. 22.

TABLE SHOWING EXPENDITURES OF THE UNITED STATES FROM JUNE 30, 1895, TO JUNE 30, 1911.

Year.	Government disbursements.*						Total number of pensioners.
	Ordinary.[1]		War.[2]	Navy.[3]	Interest on public debt.	Pensions.	
	Total.	Per capita.					
	Dollars.	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*	
1895.....	356,195,298	5.16	51,804,579	28,797,796	30,978,030	141,395,229	970,524
1896.....	352,179,446	5.01	50,830,921	27,147,732	35,385,029	139,434,001	970,678
1897.....	365,774,160	5.10	48,950,268	34,561,546	37,791,110	141,053,165	976,014
1898.....	443,368,583	6.07	91,992,000	58,823,104	37,585,056	147,452,369	993,714
1899.....	605,072,180	8.14	229,841,254	63,942,985	39,896,925	139,394,929	991,519
1900.....	487,713,792	6.39	134,774,768	55,953,078	40,160,333	140,877,316	993,529
1901.....	509,967,353	6.56	144,615,697	60,506,978	32,342,979	139,323,622	997,735
1902.....	471,190,858	5.96	112,272,216	67,803,128	29,108,045	138,488,560	999,446
1903.....	506,089,022	6.26	118,619,520	82,618,034	28,556,349	138,425,646	996,545
1904.....	532,237,821	6.50	115,035,411	102,956,102	24,646,490	142,559,266	994,762
1905.....	563,360,094	6.77	122,175,074	117,550,308	24,590,944	141,773,965	998,441
1906.....	549,405,425	6.49	117,946,692	110,474,264	24,308,576	141,034,562	985,971
1907.....	551,705,129	6.41	122,576,465	97,128,469	24,481,158	139,309,514	967,371
1908.....	621,102,391	7.10	137,746,524	118,037,097	21,426,138	153,892,467	951,687
1909.....	662,324,445	7.45	161,067,462	115,546,011	21,803,836	161,710,367	946,194
1910.....	659,705,391	7.30	155,911,706	123,173,717	21,342,979	160,696,416	921,083
1911.....	654,137,998	6.96	160,135,976	119,937,644	21,311,334	157,980,575	892,098

* Fiscal years.

[1] "Ordinary expenses" include disbursements for War, Navy, Indians, pensions, payments for interest, and "Miscellaneous," but do not include payments for premiums, principal of public debt, or disbursements for postal service paid from revenues thereof.

[2] Figures cover the military and naval establishments, but not the items "Salaries and expenses" and "Public buildings and grounds" from disbursements of the civil establishment.

[3] Based on total imports prior to 1866, after that on imports for consumption only.

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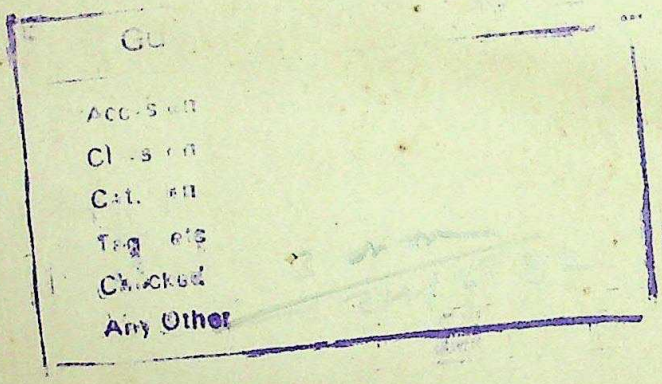

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